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North America Deviation Hearing Engenders Heat

Court Test of Pa. Rating Law Seems to Be in Offing

HARRISBURG—An explosive summation by attorneys and company officials marked the close of the special protest committee's presentation of objections to Pennsylvania's 15% deviation granted North America on certain classes of fire risks in excepted territory.

The committee asked for a stay in proceedings until Commissioner Malone made a complete survey of expense and loss ratios by classes in the territory involved.

A three-day hearing, attended by many top ranking fire company executives, was concluded with a summation of North America's position by attorney George Ross Hull.

Insurance officials said the hearing would culminate in a court test of Pennsylvania's new rating law, as both sides indicated they were preparing to appeal the department's decision if it went against them.

Charges Monopoly Is Created

John R. Barry, Corroon & Reynolds, charged that the deviation created a "monopoly" for North America. "I think it's an unfair trade practice," he said.

Then in a heated debate that was off the official record he contended the department did not comply with the new rating law so far as the compilation of expense and loss ratios by class were concerned.

Mr. Malone countered that much difficulty is being experienced in getting these detailed breakdowns of operating statistics, at which point the protesting companies pledged their cooperation.

Wesley McWilliams, attorney for Globe & Republic, pleaded: "Don't drive the smaller companies out of business until you can make a complete study of expense and loss ratios."

Abraham Kaplan, chief counsel for the protest committee, asked Mr. Malone for a stay in proceedings until completion of the proposed study.

Cites New York System

"I am not in accord with your expressed difficulties in getting the expense experience from companies in Pennsylvania," Mr. Kaplan told the commissioner, as he cited the New York system of collecting these data.

"One company with an overall record such as presented here has no right to set itself up as a monopoly," he declared. "I don't characterize it as competition at all . . . there's no way to compete with that sort of a setup."

Malone retorted: "I think it's taking advantage for an attorney to tell me I can get any information I want from companies."

Until a complete study is finished, Mr. Kaplan said, "you have no right, in my opinion, to permit one company to deviate."

(While the 129 companies were fighting the North America deviation there were unofficial indications here that Mr. Malone would soon approve identical deviations for the 11 other fire com-

Seattle Rice Fields Ready for the Harvest

Everything is in readiness for the Grand Nest meeting of Blue Goose International at Seattle the week of Aug. 21, according to E. E. Collins, London & Lancashire, who is general chairman of the Seattle pond committee on arrangements. Registration will begin Aug. 22 and will continue the morning of Aug. 23. In the afternoon the delegates and their ladies will be taken on a water tour through Elliott Bay, the Puget Sound-Lake Washington Canal Locks and Lake Washington.

There also will be a cocktail party, buffet supper and dance, at Washington Athletic Club, sponsored by the northwest ponds and the grand nest convention committee.

Trenbath to Preside

E. W. Trenbath, Seattle, most loyal grand gander, will preside at the opening session Aug. 24. There will be a luncheon for the women at the Seattle Tennis Club. No scheduled event is planned for the evening of Aug. 24.

Another convention session is scheduled for the morning of Aug. 25 and a short session will be held in the afternoon devoted to the annual memorial service.

The finale will be the banquet Thursday evening at the Olympic hotel.

The committee has arranged post-convention facilities for a trip to Mt. Rainier on Friday.

panies who have requested them.)

Earlier in the hearing J. Victor Herd, America Fore, said the excepted territories presented an "economic freight" situation for underwriters, at which point Mr. Hull told him: "You consider it an insurance evil but you don't put it quite that strong."

"I don't sit here as condemning the excepted territory situation—period," Mr. Herd replied. "I don't know the answer."

"Can you express an opinion?" Mr. Hull asked.

"I don't have an opinion," was the reply.

Mr. Herd reviewed the development of excepted cities and declared "the economic freight has gathered so that it just can't be shed lightly."

Question of Profits

Much of the testimony centered on North America profits on the basis of 1948 reports. Scott Harris of Joseph Froggatt & Co., a protest committee witness, said that when the statutory profit formula is applied North America operated its fire business at a loss.

Mr. Hull, however, coached Mr. Harris in a review of figures which Mr. Hull said showed a \$1,339,422 profit for North America, a \$239,647 loss for Alliance, and a \$4,863 profit for Philadelphia F. & M.

Mr. Harris would only concede that the "arithmetic was correct" as he followed Mr. Hull's computations.

Robert F. Miller, vice-president of National Union Fire, said that on the basis of "a partial checkup" some of the business of his company was going to North America at the 15% lower premium.

Operating Statistics

Mr. Kaplan questioned Bradford Smith, Jr., vice-president of North America, on Pennsylvania fire insurance operating statistics. Mr. Smith said that in 1947 his company had field supervisory expenses of 4.83%; 5.06% in 1948.

Expenses for 1947, excluding adjustment expenses, were 41.72%, going to

Values Breakdown in PPF Is Being Made More Specific

Increase Classifications to 15—Aim to Improve Insurance to Value

In an endeavor to come closer to getting full insurance to value under the personal property floater, companies effective Oct. 1 are introducing a more detailed exhibit in the breakdown of values section of the contract. Instead of nine classifications of unscheduled personal property, there will now be 15. The idea is that these more specific classifications will be more suggestive to the assured and will cause him to pinpoint his attention on individual items. In the past there have been several catch-all classifications that played into the hands of assured that were trying to skimp on values or that were not interested in arriving at an adequate figure.

There has always been much discussion as to whether the classification of musical instruments (including radios and pianos) was justifiable, that is whether radios should properly be classified as musical instruments. Now the musical instrument grouping simply has the parenthetical provision (including pianos). There is a new classification "television sets, radios, record players and records."

Silverware and Pewter

The first item, which formerly was "silverware" is now "silverware and pewter." The second item of "linens (including dining room and bedroom)" is unchanged. The item of "clothing" has been expanded by the parenthetical provision "men's, women's, children's." The item "rugs (including floor covering and draperies)" is unchanged.

The former item of "books and manuscripts" now simply specifies "books."

Then in the new grouping comes "musical instruments (including pianos)"; followed by television sets, radios, etc. There is no change in the classification "paintings, etchings, pictures and other objects of art." The china and glassware classification is supplemented by the parenthetical provision "including bric-a-brac."

There is a new item "cameras and photographic equipment," this being lifted from the former "all other personal property" line (i). Also "golf, hunting, fishing and other sports and hobby equipment" is now a separate classification as is "refrigerators, washing machines, stoves, electrical appliances and other kitchen equipment" and "bedding (including blankets, comforters, covers, pillows, mattresses, and springs)" and "furniture (including tables, chairs, sofas, desks, beds, chests, lamps, mirrors, clocks)." The catch-all classification of "all other personal property" now embraces wines, liquors, foodstuff, garden and lawn tools and equipment, trunks, traveling bags, children's playthings, miscellaneous articles in basement and attic (and professional equipment, if any, covered under 6(b)).

43.09 with loss adjustment expenses added.

Mr. Smith declared that loss adjustment expenses goes on the loss side, not on the expense side. Mr. Kaplan disputed this. For 1948 expenses including loss adjustments were 43.01, Mr. Smith added.

Contingent commissions dropped to .4 in 1948 from 1.4 in 1947, it was brought out, as Mr. Smith explained

(CONTINUED ON PAGE 30)

S.E.U.A. Revamps Position on Term Premium

Committee Agrees to Principle of Full Annual Premium at Inception

ATLANTA—W. W. Sampson, manager of Southeastern Underwriters Assn., has sent a bulletin to members relating recent developments in connection with the problem of installment payment of the term premium, including the fact that the special S.E.U.A. committee on the subject has now agreed to the principle that the premium payment at inception must equal a full annual premium, with the remaining premium divided into equal amounts and payable on each anniversary date of the policy. The program was originally recommended by the committee and approved by the executive committee at a meeting at New York June 24 and provided for writing of three year policies at 2.36 annual premiums with one-third payable at inception, one-third within nine months after inception, and one-third within one year and nine months after inception, and of five year policies at 4.12 annual premiums with one-fifth payable at inception, one-fifth within nine months after inception, etc.

Mr. Sampson said that on July 11, a meeting was held at Atlanta with insurance department representatives from Alabama, Florida, Georgia and South Carolina for informal discussion preparatory to formal filing of the plan. By that time there had been considerable sharp criticism of the plan and local agents had asked that the departments refrain from approving any such filing until the agents could be heard. Accordingly the insurance department people on July 11 asked for another meeting and that agency representatives be invited to attend.

Sharp Agency Criticism

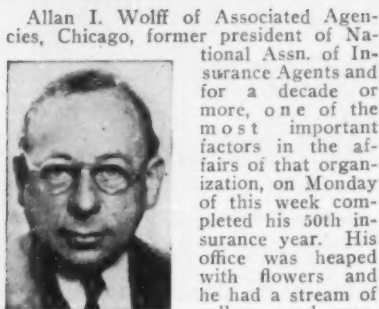
Such a meeting was held July 12 and Mr. Sampson said there was sharp agency criticism of the plan, the principal objection being the requirement that the second premium payment be made within nine months after inception. The argument was made that insured would object to two premium payments in one year, that the plan would cause numerous changes in monthly payments on mortgage business and would increase agency expense due to the necessity of keeping records of premium payment dates as well as expiration dates. Also, objection was expressed to the reinstatement provision in the proposed endorsement.

In the light of such agency opposition the insurance departments indicated they would not look with favor on the plan and hence the plan was never formally filed. However, the state officials expressed the belief there is a place for installment payment of premiums and requested that the study be continued. Since then the special committee, together with other resident members of the executive committee, have held four additional meetings further to explore the subject. At one of these meetings a small group of Georgia agents was invited.

As a result the committee is agreed on the principle that the premium pay-

(CONTINUED ON PAGE 15)

50 Insurance Years Chalked Up by Ex N.A.I.A. Chief



Allan I. Wolff

his home at Highland Park, Ill., to the entire office organization, the group numbering 115, and then for a performance of the Tent House Players at Highland Park. He was presented by the officers of the agency with a bronze desk set, by the brokers with a set of lamps and by the employees, an office table and thermos bottle set.

Mr. Wolff started Aug. 1, 1899, with the firm of Witkowsky & Affeld, which were western managers of Hamburg-Bremen, and also operated a local agency. He recalls with a grin that he was an office boy, but only for a day. The next day the office boy came back from his vacation and Mr. Wolff started his upward career downward by becoming assistant office boy. He had previously been for a time with the City Press of Chicago while attending high school and afterward, and there was an interim when he devoted his entire attention to the game of tennis. This caused alarm in the family and it was his aunt, Mrs. James Witkowsky, whose husband was of the Witkowsky & Affeld firm, that decided against an athletic career for Mr. Wolff and arranged to have him launched on his insurance career. In 1902 he quit to go with a projected brewery machinery manufacturing company but there was a delay in getting this company started and while "between pictures," so to speak, Mr. Wolff confesses by way of instruction to youth that he contrived to lose all his savings at the racetrack. Hence, he accepted an invitation to return to Witkowsky & Affeld, this time as head of the local office at \$90 a month.

Goes With J. J. Coffey & Co.

In 1909 Mr. Wolff went with J. J. Coffey & Co., local agency, as a partner and the firm later became known as Coffey, Wolff & Co. About 1920 Mr. Wolff bought the interest of Mr. Coffey and the agency became Allan Wolff & Co. On Aug. 1, 1926, he formed his connection with the firm that is now known as Associated Agencies. It was then Klee, Rogers, Wile & Loeb, and later became Klee, Rogers, Loeb & Wolff before the present title was taken in 1931.

Mr. Wolff recalls that his first introduction into organization affairs was at the hands of Clarence Pellet of the Critchell-Miller agency. Mr. Pellet, during the first war, put Mr. Wolff on several trade committees to promote Liberty bond sales, etc. Then Mr. Pellet, who was a leader in the Chicago Board, got Mr. Wolff interested in the affairs of that organization and he was elected vice-president in 1922 in a spirited contest, which is one of the very few that ever occurred in the history of the organization. He succeeded to the presidency the next year. He was the first man to hold the position of national councilor of Illinois Assn. of Insurance Agents, this being the position that corresponds to the present office of state national director.

He got interested in N.A.I.A. affairs in 1929 when agency leaders in a number of the large cities were seeking to form close ties among themselves within

the national organization. The Chicago Board sent Mr. Wolff to Detroit in 1929 as the accredited representative of Chicago at the N.A.I.A. convention in connection with this movement. Mr. Wolff got into the midst of national affairs in this way, even though the leaders in the big city movement later decided against pursuing the matter further.

It was at this time that Percy Goodwin of San Diego was the spark plug of the organization and he put Mr. Wolff on his team. Mr. Wolff went on the executive committee in 1931, became chairman of the executive committee in 1932 and president in 1933. These were the days of the NRA and the conference committee movement, and Mr. Wolff was a real leader in a dynamic period. He continued to maintain the utmost interest and close connection with N.A.I.A. affairs many years after that, and was consulted at every turn. His national activity brought tragedy to his life, as in driving back from a convention of New York State Assn. of Local Agents at Rochester, he was involved in an accident in which Mrs. Wolff was killed.

Mr. Wolff has never ducked controversy and during the days of his Chicago Board and N.A.I.A. activity, he was in the midst of many an engagement. He has always taken a positive position, but at the same time he has sought to recognize the viewpoint of his adversaries and has sought to arrive at a common ground for constructive solution of any particular problem.

Resumes Chocolate Making Three Days After Fire

A small fire that because of the acrid fumes of burnt milk threatened to do substantial damage at the Peter Cailler Kohler Swiss Chocolate Co. at Fulton, N. Y., resulted in only a modest loss due to the use of Airkem smoke odor service. In the building affected all of Nestle's sweet milk cocoa is made for the entire company. The fire started in a mixing machine on the third floor, catching in burlap bags of powdered milk. The smoke was so dense firemen were unable to locate the seed of the flame for more than two hours.

The company was behind on orders and was using two shifts to catch up when the fire occurred. After Airkem treatment, production was started the next morning in one part of the plant and within three days complete production had been resumed. Officials of the chocolate company had estimated it would take two or three months to eliminate the acrid smell so that it would not contaminate the sweet cocoa.

Cork Odorless After Treatment

A large pile of cork used in the cold room, which had absorbed the acrid odor like a blotter, though not touched or moved, was found completely free of odor after treatment of the room with Airkem.

Airkem Smoke Odor Service of New York has issued an attractive two color, illustrated booklet on "Smoke Odor Damage." It is designed to give the main facts about Airkem to loss executives, underwriters, adjusters, brokers and agents. A copy may be procured from Airkem, Inc., 241 East 44th street, New York 17, N. Y.

The booklet explains what Airkem is, tells how it removes all traces of smoke odor, how it is applied, special problems it has been able to solve, cost, etc. In the book is an arrangement for a case histories file.

No Credit for Dividend in Judging Low Bid in Minn.

The Minnesota attorney general has given an opinion to the state commissioner of administration that the low bid on an insurance premium is construed to be the lowest definite premium bid and not the estimated premium based on a quoted premium, less anticipated dividend.

Sask. Government Scheme Retards Private Growth

The increase in fire and casualty business in western Canada last year was less than it would have been were it not for the activities of the Saskatchewan government insurance office with its compulsory accident indemnity plan for automobiles, according to John Venables, Employers Liability, in his presidential message at the annual meeting of Western Canada Insurance Underwriters Assn. The Saskatchewan plan is being extended each year through additional compulsory legislation, he declared, but it has not been in effect long enough to indicate whether it will be generally accepted by the public or will be as practicable and efficient as claimed.

He recalled that the plan was extended to include fire and theft insurance, but with the same \$100 deductible that applies to other automobile coverages. This, he said, practically nullifies the protection because the average fire or theft loss is less than \$75. Saskatchewan private insurance companies had losses in excess of \$100 on only one-third of 1% of the insured cars.

Mr. Venables declared that the government used its insurance legislation as grounds for substantially increasing the compulsory basic fee that is charged to all car operators. He charged that the financial statements of the automobile accident indemnity plan and the government insurance office are so intertwined that it is impossible to make a correct analysis of each government department. He urged that public pressure be created for divorcing of government accounts and insurance operations.

Mr. Venables said that there will soon be a new tariff or method of rating for Alberta, particularly in small towns and unprotected areas.

C. M. Nicholls, Prudential, Winnipeg, is the new president. Vice-presidents are T. Bruce Ross, Canadian Fire, and T. G. Cox, Canadian Surety. On the executive committee are P. A. Codere, St. Paul F. & M.; Leonard Hook, Royal-Liverpool; V. O. Norman, British America; R. F. Swaine, Norwich Union, and Mr. Venables.

Fight Self Insurance Plan for Tenn. Schools

The appropriation by Sullivan county court in Tennessee of \$100,000 to be used as self-insurance fund on county school buildings is being strongly opposed by a group of taxpayers calling themselves a unit of "National Freeholders Assn." An advertisement in Kingsport "Times" stated: "The idea of voting \$100,000 for an insurance fund is absurd. The question has been properly decided by the court before, when the court decided that the county had no business creating an insurance fund. The county is amply able to carry reasonable insurance on its buildings."

R. F. Carlyle Slated Aug. 15

Richard F. Carlyle, Los Angeles specialist in appraisal of fine arts, is addressing the annual meeting at Long Beach of Associated Agents Committee Aug. 15. This is an organization of Los Angeles county local boards.

Ramey Sues Rhode Island

Ramey Associates has brought an action in superior court at Indianapolis to restrain Commissioner Viehmann from paying out any money held for Pioneer Equitable and Rhode Island until the relationship and liability of Ramey Associates and the two insurance companies is determined. Also, the suit seeks damages of \$80,000. It is charged that Pioneer Equitable leased three floors of the building at 225 East Ohio street, in

which Ramey Associates are interested, and defaulted on the five-year \$80,000 lease a month later. About the same time it is charged, Rhode Island moved into the space, this company having insured the insurance liability of Pioneer Equitable.

Fireworks Fly at Texas Commissioners' Meeting

The recent annual hearing on fire and windstorm insurance before the Texas Board of Insurance Commissioners, Austin, developed considerable heat along with the light.

George B. Butler, chairman of the board, challenged Ralph Soape, insurance buyer's consultant, Dallas, to prove his contention that dwelling-house owners had paid some \$42 million excess premiums in Texas in the last five years and also told him to give the state board a better rate-making plan since he had said the present system was obsolete.

Mr. Soape accused the companies of losing more money "some years" in the stock market than from fire and windstorm losses.

Such modern risks as drive-in-theaters, tuition fees insurance and dude ranches were discussed along with the old-time trouble of fire-packed bales of cotton for which the companies requested a \$150 deductible instead of the present \$100 deductible.

Bampton Succeeds Fetick With Pearl-American

Warren L. Bampton has been appointed chief accountant at the head office of Pearl-American group to succeed George P. Fetick, who has retired after 48 years with the companies.

Mr. Bampton has been comptroller in the middlewest and southeastern departments. Prior to joining Pearl-American in 1935, he was accountant and secretary of Lumbermen's of Philadelphia and secretary of Philadelphia National.

Mr. Fetick has been connected with almost every activity of the company. He started in the underwriting department and was later transferred to the accounting side. At the time of his retirement he was secretary of Monarch and assistant secretary of Eureka-Security.

Forms Special Risk Unit

A special risk department has been set up at Newark for Fire Insurance Rating Organization of New Jersey in charge of J. E. T. McClellan, superintendent. The department will deal with special unsprinklered risks such as public utilities, oil refineries, chemical plants, etc., and will supervise public relation and advisory fire prevention engineering activities. Albert Kays has been named superintendent of the rating and inspection department, succeeding Mr. McClellan. Philip P. Brill and William C. Wellner have been appointed assistant superintendents of that department. Luther S. Clark, Jr. has become assistant superintendent of the engineering department, Robert S. Williams becomes assistant superintendent of the sprinklered risk department, and Leon A. Watson, Jr., district supervisor at Asbury Park.

Galvez Is Headquarters

Galvez hotel at Galveston will be the headquarters for the midwinter meeting of National Assn. of Insurance Commissioners Dec. 4-7. It is tentatively planned to have the group make a post-convention trip to Houston Dec. 8 and enjoy a rendezvous at the new Shamrock hotel there.

Brier Service Moves

The Brier Insurance Service at Topeka, operated by Jim Brier, former president of the Topeka Insurance Board, has moved to larger quarters.

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You're Safer BECAUSE HE'S YOUR NEIGHBOR



BECAUSE he is a good neighbor, thoroughly familiar with conditions and problems in your community, your local insurance agent is your logical choice to provide quality insurance protection.

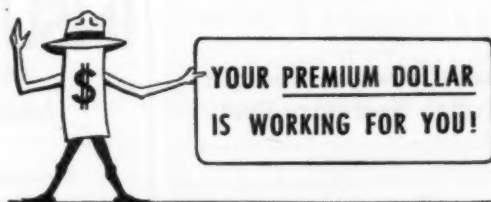
But he does more than supply sound protection for your home, your automobile and your personal effects. Working closely with the safety and research experts of the companies he represents, your local agent acts as safety counselor to your community.

He helps to inspect schools, hospitals and public buildings and recommends improvements which will make them safer. He joins whole heartedly in

the constant effort to better highway safety conditions.

Thus while you enjoy the full protection and security of your property insurance, your premium dollar is working for you and for your community through your local agent your good neighbor. Through its nation-wide family of over 10,000 local insurance agents, *The American Insurance Group* emphasizes the strength of its slogan:

Quality Insurance through ever-expanding and ever-improving Quality Protection since 1846.



THE AMERICAN INSURANCE GROUP

Newark, New Jersey

The American Insurance Co.
Bankers Indemnity Insurance Co.

The Columbia Fire Insurance Co.
The Jersey Fire Underwriters

U. S. Motion to Dismiss Texas City Case Is Denied

A government motion for dismissal of the Texas City disaster suits that was offered upon the completion of the plaintiffs testimony, was denied by Federal Judge Kennerly at Houston. The government was directed to commence the offering of its testimony Aug. 29. The case for the plaintiffs, who number about 2,000 and are seeking a total of \$200 million recovery from the govern-

ment, began their testimony April 25. Assistant U. S. Attorney J. W. Cash, in filing a motion for judgment, contended that the testimony that was presented by the plaintiffs does not come within the federal tort claims statute. That law, according to Cash, exempts the government from liability for a discretionary function of a government agency and he argued that the shipping of ammonium nitrate as fertilizer was a discretionary function.

Austin Y. Bryan, Jr., of Houston, one of the leaders in the legal committee for the plaintiffs, declared that the "deceit and misrepresentation of the Department of Justice in handling this simple case is a maneuver of frustration." Mr.

Bryan also characterized as "rubbish" the demand of the government that the plaintiffs should provide individual names, acts of negligence, dates and degrees of negligence.

Give Reasons for Ill. Veto of Agent "Umbrella" Bill

The veto by Gov. Stevenson of Illinois of the bill that was sponsored by Illinois Assn. of Insurance Agents and Chicago Board for certification of insurance producers organizations by the insurance department, was promoted largely by an adverse opinion on the part of Attorney General Elliott.

Mr. Elliott contended that the measure was unconstitutional as an unauthorized delegation of legislative function. He said the bill does not define the fair trade practices to which it is addressed, nor does it define any unfair trade practice which might be condemned thereunder. It contains no guide to be followed by an authorized association in determining what devices, means or methods of insurance practice are fair or unfair with respect to the policy envisioned in the bill.

The insurance director could arbitrarily decide what articles, laws, rules or regulations of an insurance association are reasonable, and he could roam at will in the liberty of his discretion and approve or disapprove of such associations as he saw fit. The provisions of the bill are so vague, indefinite, uncertain and incomplete that no sufficiently clear and intelligible standard of duty is defined thereby.

Emil L. Lederer, president of the Chicago Board, expressed surprise and disappointment at the veto. He said the purpose of the bill was to furnish agent groups with the same "umbrella of approval" of their rules and regulations as is granted to the companies under the new rating laws.

Tenn. Department Answers In Rate Reduction Suit

NASHVILLE—The Tennessee insurance department has filed an answer to the suit of Tennessee Inspection Bureau and non-affiliated companies seeking an injunction against the operation of a fire premium rate reduction order on policies issued 45 days prior to July 1. The date for a hearing in Davidson county circuit court has not been set.

In a quarter-page advertisement in local papers, Southern American Ins. Co. (E. H. Crump & Co., Memphis), has publicly denied being a party to the inspection bureau suit, with the statement: "We are ready, willing, and anxious to give our existing policyholders the rate reduction in cash as of July 1, just as soon as, if, and when permitted to do so by law. We regret the delay and confusion that has occurred."

4 Texas Insurers in N. Y.

A story in the July 14 issue of THE NATIONAL UNDERWRITER indicated that United Services Automobile Assn. of San Antonio was the first Texas company to be licensed in New York. Actually it was the first casualty reciprocal to be entered in New York. Other Texas insurers entered in New York include Republic of Dallas, American Fire of Galveston, and Millers Mutual Fire of Fort Worth.

Thrasher Resigns Georgia Executive Secretary Post

William H. Thrasher has resigned as executive secretary of Georgia Assn. of Insurance Agents and secretary-treasurer of Atlanta Assn. of Insurance Agents. Until a successor is elected, Mrs. Isabelle A. Puckett, treasurer and assistant secretary of the Georgia association, will conduct the affairs of the office.

The Harold C. Weiss Agency has been incorporated at Madison, Wis.

Lederer Directs Local Hospitality for N.A.I.A. Meet

Emil L. Lederer, president of the Chicago Board, has been appointed

chairman of the honorary convention committee for the annual convention of National Assn. of Insurance Agents, Sept. 19-22 at Chicago. Mrs. Lyman M. Drake, Jr., has been named to head the ladies' committee.

Assisting Mr. Lederer are Lyman M. Drake, Jr., Chicago, president of Illinois Assn. of Insurance Agents; Merle A. Read, Joliet, state national director of the Illinois Assn.; Allan I. Wolff, Chicago, past president of N.A.I.A., and Walter M. Sheldon, Chicago, member of the National Assn. executive committee.

Mrs. Sheldon will serve as co-chairman of the ladies' committee assisted by Mrs. Lederer, Mrs. Read, Mrs. Russell L. Sprouse, Mrs. Hugo Dalmar, Mrs. L. P. Jaycox and Mrs. Lillian L. Herring.

Twin Cities Schedule Three Fire Meetings

Three important fire prevention gatherings are scheduled in the Twin Cities in the next few weeks. First is the governor's third annual fire prevention conference at Minneapolis, Aug. 25-26, in which insurance men of the state will take leading parts.

University of Minnesota agricultural school will hold a conference on liquid petroleum gas Sept. 6-8. Minnesota, North and South Dakota, Montana, Nebraska, Iowa and Wisconsin will be represented. Deputy Insurance Commissioner Leonard Lund is promoting the conference, first of the kind ever held in this state.

The third meeting will be at the agricultural school Sept. 15 when Deputy Commissioner Lund will give a lecture to several hundred farm women on farm fire protection.

Downey Names Rothaermel

Commissioner Downey of California has appointed William P. Rothaermel, vice-president in charge of agencies of Pacific Mutual Life to membership on the industry committee on life, accident and health insurance to succeed Raymond H. Belknap, formerly director of agencies of Occidental Life of California, who resigned to join Continental Casualty.

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Highlights IN INSURANCE HISTORY

RIVER BOATS WERE TOO RISKY

Although inland transportation in America was completely revolutionized by steam, the insuring of river boats remained an unpopular risk with the insurance companies for many years. Even after the traffic of our inland waterways had doubled the amount of our foreign commerce, such risks were considered too hazardous. Fur traders transported goods of great worth through Indian country and over poorly charted streams, and accidents were frequent, especially on the western rivers where the river boat pilots were apt to be more daring than cautious. Consequently the insurance companies were slow to change their practice of insuring only boats, not their cargo.

The National Union and Birmingham greatly appreciate the safety-first piloting record of their executives, who have brought the investments and jobs of many people safely through war troubled and economically upset years.



NATIONAL UNION and BIRMINGHAM

FIRE INSURANCE COMPANIES

PITTSBURGH PENNSYLVANIA

NATIONAL INSPECTION COMPANY CHICAGO, ILLINOIS

Service to Stock Fire Insurance companies for 45 years.
Inspections and Underwriting Reports.

J. G. Hubbell, Managers
H. B. Chrissinger, R. M. Hubbell, Field Supervisor
R. L. Thiele, Asst. Mgr.
P. A. Pederson, Chief Inspector

Still Seek Accord on Problem of Multiple Location

N. Y. Rating Organization Poll Gives Another Voting Opportunity

NEW YORK—The next move in the multiple location risk problem awaits the outcome of the poll of members of New York Fire Insurance Rating Organization. Member companies were asked by N.Y.F.I.R.O. to indicate their preference as to a course to pursue in order to arrive at a solution that would be approved by the New York department.

There is still strong minority opposition to adoption and filing in New York of the so-called Escott "debit and credit" plan, which is favored by the majority of companies and of commissioners as well. The alternative is the average plan which the New York department and presumably other departments frown upon. The companies could, of course, pursue the litigation against the New York department which is still pending in connection with the filing some weeks ago of the average plan.

Many of the proponents of the Escott plan would like to see the issue settled, a plan filed that would be approved, and then improve the program as time goes on and experience shows it is necessary or desirable. Indications are that other states are waiting to find out what New York does before acting.

With companies given another opportunity to vote on the issue, some kind of specific action presumably would be taken by N.Y.F.I.R.O. governing committee within two or three weeks. Despite hot weather and vacations the effort is on to reach some sort of a conclusion.

Mich. Local Boards Enjoy Summer Outings

At the mid-summer meeting of Port Huron, Mich., Assn. of Insurance Agents at Black River Country club, Waldo Hildebrand, manager of Michigan Assn. of Insurance Agents, spoke on disability benefit laws. He advised the agents to prepare for enactment of such a law in Michigan within the reasonably near future, pointing out that four states already have such statutes and there appears a growing trend in that direction. He said the agents should work as a group with the companies to obtain broad and inexpensive coverage and to provide sufficient coverage in their territories to minimize the possibility of monopolistic state funds to handle this risk. He characterized the coverage as something of a logical extension of workmen's compensation acts to provide health and accident protection beyond the confines of employment.

More than 40 agents and guests attended the Port Huron meeting, playing golf prior to the dinner. Jack Whitliff heads the Port Huron association.

More than 200 were present at the Green Ridge Country Club for the Grand Rapids association's outing at which Mr. Hildebrand and Horace B. Corell, deputy insurance commissioner, were guests. Grand Rapids public officials also were entertained. Golf, dinner and an entertainment program headed by Leon McVoy, state association vice-president, and Denley Priest, most loyal gander Michigan Blue Goose, and Michigan superintendent Underwriters Adjusting, featured the affair. Mr. Cor-

ell and Jim Burr, Grand Rapids manager of Hartford A. & L., won the major golf awards.

The Saginaw association staged its outing at the Bay City Yacht club with about 60 on hand. The event was purely recreational. Robert Schirmer heads the association.

On Thursday of this week the Dearborn association is holding its outing jointly with the Dearborn Real Estate board at Lapham Lodge. A corn roast is featured. Outside guests include Russell Bradley, Ann Arbor, state association president, and Mr. Hildebrand.

Special Session in Fla.

The Florida governor has called a special session Sept. 7 to provide revenue. By constitution the session is limited to 20 days. At the regular session the governor asked for a doubling of the insurance premium tax and \$1,000 license fees for companies of all kinds.

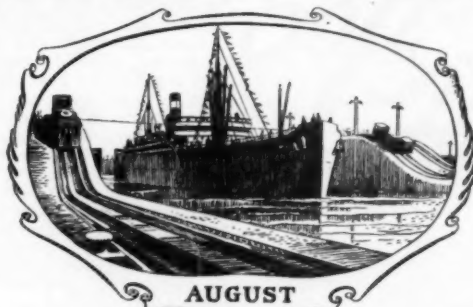
Form Suburban Unit

NEW YORK — The Atlantic companies have formed a suburban department with jurisdiction over suburban

Long Island, suburban Bronx and Westchester, Putnam and Rockland counties. Wallace M. Roehrig, who has been in the metropolitan production department for nine years, is manager. Prior to joining Atlantic he was in general brokerage and was insurance manager for several leading mortgage companies in New York. The new department will be located at the home office.

James Anderson, Ashland, Ky., has moved his office to 401 Second National Bank Building. He handles auto, accident and health, fire and theft, burglary and liability and life insurance.

INSURANCE CALENDAR



AUGUST

On August 3, 1914, interoceanic shipping rates came in for extensive overhauling when the first ocean steamer passed through the Panama Canal. Much earlier than this—earlier by 48 years, in fact—the stage for today's extremely

low property insurance rates was set when the National Board of Fire Underwriters was founded. This organization, sponsored by leading capital stock fire insurance companies, is dedicated to the scientific reduction of fire hazards.

1949—AUGUST hath 31 days. "Every sweet has its sour; every evil its good."

- 1—M.—☾ First Quarter, 7:57 A. M., E. S. T.
1914. Central Powers declared war on Russia.
- 2—Tu.—1909. Army Air Corps founded.
- 3—W.—1492. Start of Columbus' first voyage.
- 4—Th.—1932. Grain elevator-lumber yard fire caused \$10,000,000 damage, Chicago, Ill.
- 5—Fr.—1945. First atomic bomb dropped on Hiroshima, Japan.
- 6—Sa.—Don't guess about the adequacy of your fire insurance—See your Agent or Broker now.
- 7—Su.—1789. U. S. War and Navy Departments established.
- 8—M.—☾ Full Moon, 2:33 P. M., E. S. T.
1588. Spanish Armada destroyed by English.
- 9—Tu.—1829. First locomotive ran on permanent track in U. S.
- 10—W.—1947. W. P. Odom set record for round the world solo flight—77 hrs., 5 min.
- 11—Th.—1807. Fulton's Clermont made first trial run.
- 12—Fr.—1782. 3 day Constantinople fire destroyed 10,000 homes.
- 13—Sa.—1944. U. S. 3rd Army trapped 100,000 German troops in "Falaise pocket."
- 14—Su.—1945. Japan surrendered unconditionally to Allies.
- 15—M.—1935. Will Rogers killed in plane crash.
- 16—Tu.—☾ Last Quarter, 5:59 P. M., E. S. T.
1948. Babe Ruth, home run king, died.
- 17—W.—1947. Ambassador George Atcheson Jr. killed in B-17 crash near Oahu, Hawaii.
- 18—Th.—1587. Virginia Dare, first English child born in America.
- 19—Fr.—1812. Naval Battle between "Constitution" and "Guerrriere".
- 20—Sa.—1940. Death of Leon Trotsky in Mexico.
- 21—Su.—1772. Fire destroys Smyrna, Asia Minor.
- 22—M.—Big fire or small. Fire Association Group adjustments are always prompt and fair.
- 23—Tu.—☾ New Moon, 10:59 P. M., E. S. T.
1849. William Ernest Henley, author, born.
- 24—W.—1814. British burned White House and Govt. Bldgs.
- 25—Th.—1944. U. S. Troops entered Paris.
- 26—Fr.—1920. Nineteenth Amendment—woman suffrage—passed.
- 27—Sa.—1948. Former Chief Justice Charles Evans Hughes, died.
- 28—Su.—1565. Spanish arrived at St. Augustine, Fla.
- 29—M.—In a disastrous fire, inadequate insurance can be almost as crippling as none at all. Check your coverage now.
- 30—Tu.—☾ First Quarter, 2:16 P. M., E. S. T.
1776. Washington's retreat from Long Island.
- 31—W.—1944. U. S. Troops crossed Meuse River.

OBSERVATION for August: Did you ever do anything about taking out additional insurance to cover today's increased values?

PROPERTY INSURANCE
Fire-Auto-Marine-Aviation

FIRE ASSOCIATION GROUP

Fire Association of Philadelphia
The Reliance Insurance Company
PHILADELPHIA



Lumbermen's Insurance Company
Philadelphia National Insurance Company
PENNSYLVANIA

SYMBOL OF SECURITY SINCE 1811

Set your
course for
EXTRA
COMMISSIONS
with
Ocean Cargo Coverage

You can make extra profits selling Ocean Cargo Coverage—without going near the water. Because Marine Insurance originates where the goods are manufactured, it's a natural for "dry land sailors" to sell.

Look over your client list. You'll find that many of your clients either export part of their production or import some raw materials. And most of them don't realize that you, as their local agent, can, in most cases, readily compete—both in rates and coverage—with ocean cargo coverage arranged by customs brokers, freight forwarders and steamship companies. Such savings opportunities open the door for future coverage.

There's a wide choice of protection—for every client's needs. The Ocean Policy covers individual shipments from the time they leave the shipping point until they reach their destination, including risk to and from warehouse. The Open Policy gives automatic protection to all shipments. Each shipment is reported as it is made and premiums are billed at the end of the month.

Sail "Full Steam Ahead" to increased commissions with these profit-making opportunities—feature Ocean Cargo Coverage. Your local Fire Association Group field representative stands ready to serve you.

Fire Association Group, 401 Walnut St., Philadelphia 6, Pa. Branches in Atlanta, Chicago, Dallas, New York, San Francisco, Toronto. Claims and Settling Agents Throughout the World.

FOR YOUR OWN ADS...
you can lift ideas from this
Insurance Calendar ad.

"SELLING" HARMONY

You can strike the keynote to successful solicitation of Musical Instrument policies by using the new Springfield Group sales leaflet—

INSURANCE PROTECTION for MUSICAL INSTRUMENTS

Send them out to likely prospects. Follow up by personal or telephone solicitation. It will all harmonize into selling effort that will bring results. Write for your supply today.



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SPRINGFIELD FIRE AND MARINE INSURANCE COMPANY . . . SPRINGFIELD, MASS.
SENTINEL FIRE INSURANCE COMPANY . . . SPRINGFIELD, MASS.
MICHIGAN FIRE AND MARINE INSURANCE COMPANY . . . DETROIT, MICH.
NEW ENGLAND FIRE INSURANCE COMPANY . . . SPRINGFIELD, MASS.

OF FIRE INSURANCE COMPANIES



Performance is PROOF

"After all, the service itself speaks better than a lot of talk about it."

You are cordially invited to acquaint yourself with our Performance.

Millers National Insurance Company

Established 1865

Illinois Fire Insurance Company

Established 1876

Home Office:

137 West Jackson Blvd., Chicago, Illinois

Eastern Department:

Philadelphia, Pennsylvania

Pacific Coast Department:

San Francisco, California

Issue Report on Holland Tunnel Loss

The National Board has published a detailed special report on the explosion and fire of a truckload of carbon disulfide in the Holland tunnel last May that caused a property loss estimated at approximately \$1 million. Although no one was killed, the report points out that the fire could easily have resulted in a major disaster, and should serve as a warning against violations of safety rules and lack of provision for enforcement of current regulations.

The loss was caused when a trailer-truckload with 80 drums of carbon disulfide burned in the New Jersey end of the south tube of the tunnel. The chemical fire in the close confines of the tunnel destroyed or damaged many trucks and the inner wall surfaces and ceiling slabs of the tunnel were demolished for a distance of 600 feet by the tremendous heat that was generated.

The report lays stress on the growing importance of the truck hazard problem. There are more than 6,500,000 trucks and truck-tractors in use traveling nearly 66 million vehicle miles annually. The report states that in the opinion of most authorities, the amount of legislation covering hazardous materials is ample if proper enforcement is provided. There is a greater need for a broadening of enforcing powers with provisions to treat serious violations as felonies with heavier fines and stiffer imprisonment terms.

Spot Check Reveals Hazards

The potential hazards existing in normal day to day highway transportation of dangerous materials, particularly in tunnels exposed to such shipments, was clearly brought out by spot check inspections made a few days after the fire. Out of some 6,000 tunnel-bound trucks stopped, more than 100 were turned back for violating existing safety regulations. Several trucks containing considerable quantities of dangerous chemicals were turned away during the first few weeks following the fire.

The Board made a number of specific recommendations covering truck hazards. Among the suggestions were establishment of a "safe-routing" plan for transportation of dangerous chemicals and explosives for any area containing vehicular tunnels, bridges or congested highways; information about the nature of dangerous chemicals and explosive cargoes be given to the motor carrier by the shipper and thence to the driver; greater safeguards for tunnel exhaust fans; more firefighting equipment in tunnels suitable for varying types of fires (the possibility of adapting automatic sprinklers for tunnel protection might be studied in this regard); legislation governing transportation of dangerous chemicals and explosives made more severe, and a cooperative program should be established to educate shippers, trucking firms and drivers.

Cal. Premium Tax Is Estimated at \$23 Million

SAN FRANCISCO—Insurance companies operating in California will pay an estimated \$22,857,068 premium taxes this year compared with \$20,154,297 last year, according to the reports submitted by the insurance department to the state board of equalization. This is the highest ever paid to the state.

N.F.P.A. Has Wide Variety of Prevention Week Material

National Fire Protection Assn. has produced a variety of material for Fire Prevention Week Oct. 9-15.

Among the items that may be purchased from N.F.P.A. are a poster with the theme "Flame-proof Your Future"; envelope stuffers; posters for store windows; home inspection blanks for chil-

dren; an illustrated fire quiz; a fact sheet about fires in newspaper form; a comic book illustrating common fire hazards; a fire slide rule which can be manipulated to reveal interesting facts about fire control, and a number of folders.

T. Alfred Fleming of the national board is in charge of the N.F.P.A. public relations department which produces the material.

Northern Pays \$2.50

Northern of New York has declared a semi-annual dividend of \$1.50 and an extra of \$1, payable Aug. 12 to stockholders of record Aug. 2. In February the same semi-annual dividend together with an extra \$1 was paid. In 1948 there were two extras of 50 cents each.

Prepare for Wash. Meeting

King County Insurance Assn. in Seattle will hold a general membership meeting Aug. 11 for a preview of the convention of Washington agents association Aug. 28-30.

BOILER UNDERWRITER

The home office of a Casualty Company has an opening for a boiler underwriter. This man will pass on the acceptability of risks, so must have a good technical background. Salary is very attractive.

FERGASON PERSONNEL

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527 Gas & Electric Building
Denver

Ritter General Agency

FIRE-SURETY-CASUALTY
855-82 Gas & Electric Building
Phone CHerry 7451

Denver 2, Colorado
Colorado—Wyoming—New Mexico—Utah

KENTUCKY

Bradshaw & Weil General

Agency Co., Inc.

Starks Building
Louisville 2, Kentucky

Orville N. North, president of the National Fire & Marine Insurance Association, was elected to the third office of the association in Cincinnati, Ohio, at the annual meeting held at the Star Tavern, I. C. O. Fire, Casualty & Marine Insurance Co., Inc., in Cincinnati, Ohio, on July 28-30. The association's annual meeting was held at the Star Tavern, I. C. O. Fire, Casualty & Marine Insurance Co., Inc., in Cincinnati, Ohio, on July 28-30. The association's annual meeting was held at the Star Tavern, I. C. O. Fire, Casualty & Marine Insurance Co., Inc., in Cincinnati, Ohio, on July 28-30.

The agency course of Philadelphia will be held Sept. 7 and 8 at the Kahler of Commerce. The course will be held for 100 hours of two-hour lessons, including an examination and acceptance of the examination.

Commissioner has average rating risks in land fire. Hemenway, the fact that of an average, influenced by located out.

Clinton American years, has Feist agent.

A new American home with a modern equipment, attractive installed.

A separate for those facilities to all employees bringing their

About 1752 Clubing at Hu L. Keith peka, was program for and includ

Noel Heads New Northern Ky. Board

Orville Noel, Covington, was elected president of Northern Kentucky Assn. of Fire & Casualty Insurance Agents at the third organization meeting. He is a director of Kentucky Assn. of Insurance Agents and has played a prominent role in organizing the new board which takes in the Kentucky counties adjacent to Cincinnati. Ralph F. Simpson, New-
port, who acted as temporary chairman, was elected vice-president and E. N. Hughes, Fort Thomas, secretary. The officers will serve until next April, which was set as the date of the annual election meeting.

In addition to the officers, F. C. Pearson and W. N. Hoffman, both of Covington, were elected to the executive committee. The board starts with 20 charter members, all in Campbell and Kenton counties, but its constitution permits it to accept members from a larger area, if this seems desirable in the future. It was decided to hold regular meetings at noon on the third Thursday of each month at the Blue Star Tavern, just outside Covington.

J. C. O'Connor, Cincinnati, editor of "Fire, Casualty & Surety Bulletins" and associate editor of THE NATIONAL UNDERWRITER, was guest speaker, discussing the need of organization under present conditions. Mayor W. F. Rolfe of Covington, a charter member of the board, told of some of the ideas about insurance which have developed in the Kentucky Municipal League, pointing to the need for organized efforts to combat such ideas.

Phila. Study Starts Sept. 7

The agents and brokers qualification course of Insurance Society of Philadelphia will commence the evening of Sept. 7 under the direction of Dr. Clyde Kahler of University of Pennsylvania Commerce School. It will include about 100 hours of classroom instruction, with two-hour lectures Monday and Wednesday evenings. Students passing the examination are certified if they so desire to the insurance department, which will accept the course as a prerequisite to examinations for brokers or agents license.

Rejects Average Filing

Commissioner Hemenway of Vermont has disapproved the interstate average rating plan for multiple location risks that was filed by New England Fire Insurance Rating Assn. Mr. Hemenway based his disapproval on the fact that the plan provides for use of an average rate which "might be influenced by specific rates on inventories located outside of Vermont."

Shepherd Leaves American

Clinton D. Shepherd, affiliated with American of Newark for the past 19 years, has resigned and joined Feist & Feist agency in Newark.

New American Cafeteria

A new cafeteria for the employees of American has been opened at the Newark home office building. It is equipped with a modern stainless steel kitchen, has modern lighting, new furniture and equipment, complete soundproofing and attractive decorations. Muzak has been installed.

A separate dining room is provided for those desiring table service, and the facilities of the cafeteria are available to all employees, including those who bring their lunches from home.

Kansas 1752 Club Meeting

About 75 members of the Kansas 1752 Club attended the summer meeting at Hutchinson last week. President L. Keith Murry, Allied Casualty, Topeka, was in charge. An educational program followed a visit to a salt mine and included an illustrated lecture on

"New Methods of Electrical Protection" by T. C. Wier, district engineer of Bussman Manufacturing Co., Tulsa, an address by L. W. Larsen, assistant alty, and a film on fire extinguishers secretary, Lumbermen's Mutual Casu- presented by Paul Dunbar of American LaFrance Co. The golf tournament was rained out. The club voted to participate in a four-state 1752 club round-up with Iowa, Nebraska and Missouri, tentatively set for Oct. 7 at Kansas City.

The executive committee of National Assn. of Insurance Agents is holding a session at New York Aug. 6-7.

Teachers' Meeting in N. Y. Dec. 27-28

American Assn. of University Teachers of Insurance will hold its annual meeting Dec. 27-28 at New York, in conjunction with the meetings of Allied Social Science Assns. Insurance sessions will be held at the Biltmore hotel.

There will be a joint session with American Statistical Assn. on the use of statistics in insurance and a joint session with American Finance Assn. on insurance investments. There will

also be a session dealing with specific problems of insurance teaching and a forum with two to four speakers on the future of insurance at the dinner Dec. 27. Prof. E. A. Gaumnitz, University of Wisconsin, vice-president of the association, is chairman of the program committee.

Brown Gets Eby Business

Agricultural Insurance has arranged with Edward Brown & Sons to run off the business of Empire State Underwriters that had been written by R. L. Eby & Co., general agency with which it recently merged.



But I don't mean that hard times are coming. Only that the soft days of selling are a thing of the past. You have to get out and sell these days—as many agents are finding out. People still have money to spend but they are price-conscious and want "value received" in return. Insurance protection is still a necessity to them, now even in greater degree than when they had money to "burn." As proof, fire company adjusters daily are settling losses for less than the sound value.

You'll find insurance sells readily enough if you'll link your sales arguments with the continued need of home-owners, individuals and small businessmen for Adequate-Insurance-to-Value. Such a campaign will produce worthwhile results and will assist you in maintaining premium volume now leveling off.

I know it's August, and that you're thinking of vacation, but here's an opportunity to augment your August vacation fund.

NORTH BRITISH AND MERCANTILE INSURANCE COMPANY
LIMITED

THE PENNSYLVANIA FIRE INSURANCE COMPANY
THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK
THE MERCANTILE INSURANCE COMPANY OF AMERICA
THE HOMELAND INSURANCE COMPANY OF AMERICA

150 WILLIAM STREET, NEW YORK 7, N. Y.

New York - Philadelphia - Boston - Detroit - Chicago - San Francisco

Outline Program for Missouri Agents Convention

Panels on fire, casualty, inland marine and surety bonds will be featured at the annual meeting of Missouri Assn. of Agents at the Jefferson Hotel, St. Louis, Sept. 8.

Arnold Roth, Cape Girardeau, first vice-president of the association, will be moderator.

The morning session will be executive. The noon hour is open. The open forum will be from 2-5.

There will be a dinner for members of the executive committee, with the Insurance Board of St. Louis as host. Clifford C. Jackson, Mountain Grove, chairman of the executive committee, is to preside.

The second day will open with a rural agents' breakfast. Joseph Leslie, Sikeston, chairman of the outstate agents' committee, is to preside.

Will Elect Officers

From 10-12 there will be a general business session with John J. O'Toole of St. Louis, the president, in charge.

There also will be a general business session in the afternoon. At that session new officers will be elected and action will be taken on various resolutions and reports.

The dinner will feature a prominent insurance man. There also is to be entertainment and music.

N. C. Fire Chiefs Confer

RALEIGH, N. C.—A three-point program for better fire protection throughout North Carolina, particularly in rural areas, was outlined at a conference attended by representatives of North Carolina Fire Chiefs Assn., Commissioner Cheek and Sherwood Brockwell, state fire marshal. The program, as outlined by the fire chiefs, calls for a more uniform statewide rural fire protection and provision of additional personnel for the office of state fire marshal so that a year-round training program can be held among fire departments.

Charles L. Burkett of Salisbury, head of the fire chiefs' group, declared that for many years the municipalities have been anxious to and willing to furnish necessary aid to rural communities and have at their own expense done a lot of it. However, in many instances the

cities have lacked the cooperation of the county commissioners, he stated.

Marshal Brockwell said better rural fire protection could include adequate cisterns to furnish water for fighting fires, ladders capable of reaching roofs of tallest buildings, and swimming pools at rural schools.

B. C. Responsibility Results

The first year of operation under British Columbia's new "pink slip" financial responsibility law showed an increase in bodily injury and property damage premiums of approximately 50%, but at the same time the ratio of losses paid to premiums earned jumped from 61% to 66%. For the full year, total premiums written was \$9,215,805, as compared with \$6,276,602 in 1947.

Some of the increase in premiums was attributed to the increase in population and the increase in number of cars. However, the principal cause for the sharp boost in premium volume, as well as losses, seems to be the stringent law itself.

The ladies' auxiliary of the Oklahoma Blue Goose entertained their ganders at a picnic and buffet supper at the home of Hal Welch, independent adjuster.

Lafayette Fire has made application for withdrawal from California.

North America Issues Statement on Pa. Case

A statement has been issued by North America giving its position on fire rate deviations in Pennsylvania. It points out that as long ago as 1942 company spokesmen called attention to the abuse of excess commissions, and that these should be resolved in favor of insured. Its agents advisory committee termed the excess commissions in excepted cities inequitable and politically indefensible. The statement points out that the Pennsylvania rating act provides for regulation of the total rate but does not specifically provide for regulation of commissions. Consequently rates that include expense costs and that are made concertedly will inevitably be increased periodically to support higher and higher commissions developed by competition. The company believes that the proper restraining influence in the law is the right under the law to meet higher commission competition by lower rates.

The statement then describes North America's commission plans which were offered state-wide in Pennsylvania, and says that a marked reduction in ex-

pense of doing business resulted therefrom in Philadelphia, Philadelphia suburban and Allegheny county. What the 129 companies opposing the deviation are in effect seeking is to "restrain the competition of North America's lower rates to the public, and at the same time preserve to themselves the right to compete for North America's business by offering higher, excessive and discriminatory commissions to its agents."

The company sees three vital points at issue: Does a company have the right under the rate act to compete against higher, excessive and discriminatory commissions with a deviation in favor of insured? Will the rate act protect such a company against improperly and insufficiently supported competitive deviations and sharp practice in filing such deviations? Is such a company entitled to protection under the Pennsylvania fair trade practices act against coercion or intimidation designed to prevent the company from carrying out its legal rights as to legitimate competition through rate deviation.

it's the COMEBACK that counts!

YOUR VERBAL COMEBACK, THAT IS, WHEN A QUICK-WITTED STOREKEEPER POSES THIS QUESTION—

"As a proprietor of a small retail shoe store I fit a pair of shoes to a customer. A few days later my customer returns, complaining his feet have been injured by the shoes. Would my Storekeeper's Liability policy provide protection against such a claim?"



COULD YOU ANSWER HIS QUESTION?

It's a ticklish question—one you may have to answer even more frequently than you thought possible. Regardless of the type of storekeeper you approach, confusion about the principle illustrated above can wipe out business you don't want to lose. Royal-Liverpool Group agents know they can count on the Group's production and underwriting forces for information and assistance in developing the many opportunities that await them to sell this profitable line of insurance.

Answer to the quoted question is contained in the Group's current issue of "True or False." Your copy is available on request to our Advertising Department.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 Sp. LaSalle St., Chicago, Aug. 1, 1949

	Div.	Bid	Asked
Aetna Casualty	3.00	81 1/2	83 1/2
Aetna Fire	2.00*	56	57 1/2
Aetna Life	2.50*	59 1/2	61
American Alliance	1.10*	22 1/2	23 1/2
American Auto	1.60	45	Bid
American Casualty	.80	11 1/2	12 1/2
American (N. J.)	.90	18 1/2	19 1/2
American Surety	2.50	57	59
Boston	2.40	62	64
Camden Fire	1.00	20 1/2	21 1/2
Continental Casualty	2.00	53 1/2	54 1/2
Fire Association	2.50	59	61
Fireman's Fund	2.60	83	85
Firemen's (N. J.)	.50	16 1/2	17 1/2
Glens Falls	2.00*	48 1/2	50 1/2
Globe & Republic	.50	9 1/2	10 1/2
Great Amer. Fire	1.30	33	34
Hanover Fire	1.40	31	32
Hartford Fire	2.50*	127	129
Home (N. Y.)	1.40	30	31
Ins. Co. of North Am.	3.50*	105	107
Maryland Casualty	.50	15	16
Mass. Bonding	1.60	27	28 1/2
Merchants Fire, N. Y.	1.15*	28	29
National Casualty	1.45*	25 1/2	26 1/2
National Fire	2.00	52	53
New Amsterdam Cas.	1.20	33	34
New Hampshire	2.00	42 1/2	44
North River	1.20*	25	26
Ohio Casualty	1.00	50	Bid
Phoenix, Conn.	2.00*	85	87
Preferred Accident		3	3 1/2
Prov. Wash.	1.40*	33	34
St. Paul F. & M.	2.25*	85 1/2	87
Security, Conn.	1.40	33 1/2	34 1/2
Springfield F. & M.	1.90	44 1/2	46
Standard Accident	1.45	34 1/2	35 1/2
Travelers	22.00*	685	695
U. S. F. & G.	2.00*	53	54 1/2
U. S. Fire	2.00	58	60

*Includes extras.

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Farm Department Saves Much Time and Labor With Redesigned "Loss Bag"

An example of the time and labor that may be saved by a comparatively simple revision of printed office forms is found in the claim department of one of the large farm insurers at Chicago. Through the redesign of the loss file envelope and its various accouterments, this office, serving the whole center section of the country, now processes losses even during the most extreme conditions within 48 hours, where formerly, following storms in the area, the loss payments would be delayed from two weeks to a month. A smaller force of employees is now able to keep well abreast of losses during a normal, five day week where formerly a larger staff was forced frequently to work overtime and on Saturdays, and even then would be behind.

The public relations value of this drastic speedup in claim disposal and payment is of incalculable public relations value which is even more important than the increase in office efficiency. There are evidences that within the year that the streamlined office forms have been used, agents, field men and policyholders alike have been pleased by the speedy service. Gone are the irate letters demanding to know what happened to such and such a loss. Gone are the red faces in the Chicago office as a frantic effort was made to locate the scattered parts of the loss portfolio, for under the new system virtually all operations are performed at one time by one typist. In the old days the stacks of loss forms used to pile so high that it frequently required the full time services of one clerk to "trace" losses in the office. The value of the new method far overshadows the slightly greater expense for printed forms.

Necessity Mothers Change

How it all came about was that the head of the loss department plagued by the difficulty of getting competent help and aware that the creaking system which the office had employed for nearly a half century was inadequate,

called in a printing contractor who has made a specialty of retooling insurance forms to fit modern conditions. The printer and the loss chief put their heads together and came up with a set of forms that came in one package and were tailor made for the operation of this particular farm department.

Up until a year ago, when the change was instituted, this loss department used a container for the various papers pertinent to a loss that was very aptly described as a "loss bag." This was a bulky device which opened on the side instead of on the top, so that it had to be pulled out of the file to be opened. Papers going into the bag had to be folded, making the container much more bulky.

Now the company has substituted a heavy manila folder which opens at the top for the bag. All essential information is typed on the outside of this folder which, therefore, in addition to being a container, serves as the original file. Inside this folder, are glued the various other papers that must be written up for each loss, but they are not written up separately, because through the arrangement of partial carbons, the typewriting on the outside cover is automatically registered on the inner forms.

Cover Is Original File

The file is thus a four-part file with the outer cover as its original file. The second form glued within the manila folder is a white control card that reproduces all permanent data that is typed on the outside folder. The use of this control card eliminates the requirement of keeping a loss register in the office in which a record of each loss was formerly laboriously entered by longhand.

The biggest efficiency factor in the new method is the elimination of longhand posting, which required a separate person to scrawl out each separate operation, whereas now the entire operation is typed, most of it at one time.

As in the cases of the other sheets, a one-time carbon has been glued in place before the control cards, so that only that data from the loss jacket which is needed is reproduced. The forms are so fastened within the loss jacket that information typed initially on the outside is reproduced on corresponding lines on the other forms. On this control sheet, for example, pertinent data, including the name of the assured, his location, details on the policies and the amount of mortgage, the name of the agency, the coverage and estimated loss, total notes unpaid, when due, etc., down to and including the name of the person to whom the draft is payable is included on the second sheet.

However, such information that is to be added later on the outside of the claim folder, including the amount of claim, the amount of draft, the proof received, the adjuster and the adjustment expenses, punch card coding, etc. is left open and will be typed in when this information has been garnered.

Third Sheet to Agent

The third sheet glued inside the loss folder goes to the agent. It is a reproduction of the top part of the basic information on the folder. Formerly this was written out as a separate operation. On this sheet the agent is told that the loss has been reported to him and that it has either been referred to an adjuster for attention, or that a proof-of-loss form has been enclosed so that the agent can service the loss directly. This last is additional information that is written out later below the short carbon.

The fourth form is a short yellow slip with a partial carbon which reproduces part of the information on the left-hand side only of the loss folder. On the right hand side of this yellow slip are three columns with spaces for listing the amount paid, the item, the effect on insurance, whether it reduces its coverage or not, the additional amount required for premium insurance, the total less the amount of the draft. This is pasted in the application right at the time.

One of the most important time-savers in the operation is the fact that the control card eliminates maintaining a complex register of losses. These con-

trol sheets need only be filed by town. This operation has eliminated the typing of cards, some 25,000 of which had piled up to such a degree that the office was literally forced out into the hall by the accumulation.

The efficiency of this loss office extends right down to the loss draft. Formerly the draft, a receipt for the company and a copy for the agent were made out separately by clerks. This procedure seemed necessary because entirely different wording was required on each form.

Now all three of these draft forms are typed in one operation, with carbons between. Each form has different wording upon it, but the same information is skillfully fitted into the wording so that in the one operation it comes out on the right lines in each form.

For example, on the draft that goes to the insured the wording beside the line on which the assured's name is printed reads: "Upon acceptance pay to the order of." On the receipt of acceptance from the assured this corresponding line which takes the same impression through the carbon is preceded simply with: "By." The agent's copy wording beside the line reads: "We enclose draft to the order of."

The chief dangers of the new system are that loss department workers cannot be kept busy and may forget how to write longhand.

Ignoring Depreciation on Roof Causes Concern

The decision of the Florida supreme court in *Glens Falls vs. Gulf Breeze Cottages*, previously reported in *THE NATIONAL UNDERWRITER*, has caused loss men concern because the court allowed insured the cost of replacement of old roof with new, ignoring depreciation. This was a partial loss, and the decision resembles that handed down in 1943 in *Third National Bank vs. American Equitable*, in which the Tennessee supreme court also disregarded depreciation.

Both courts used the term "indemnity" and expressed the belief that the only way to measure indemnity is the cost of putting the property back in its original state. The betterment involved in so doing was ignored.

The effect of the precedent established by such cases is, of course, what worries adjusters. The differences represented by depreciation in the two cases was not large, and loss executives believe if a substantial sum were represented by depreciation, the courts might see the logic of the insurers' position. It is hardly in the public interest, it should be against public policy, to permit insured to make a profit on a loss, they think. One result would be to create a moral hazard.


Moral Hazard Thesis

The Insurance Institute of America has published a thesis by A. Mason Blogett on "Moral Hazard in Casualty Insurance." The thesis was prepared in partial fulfillment of the requirements for institute fellowship. Automobile of Hartford and Factory Mutual Liability have contributed to the printing of the thesis. Copies are being sent to all associated with the institute and a limited supply is available from the institute at 50 cents per copy.

Iola, Kan., Fire Report

A report on the town inspection of the Kansas Fire Prevention Assn. of Iola showed 41% compliance with 584 recommendations offered. The report showed that 194 buildings were inspected, 166 of which were found defective.

H. P. Skoglund, president of North American Life & Casualty of Minneapolis, has been named a trustee of the Glenwood Hills hospital, one of the leading psychiatric institutions in the country.




It's a "pleasure to represent The Central"
— Writes Gordon G. Bennett, Cincinnati

Gordon G. Bennett, executive of The A. R. Witham Insurance Agency Co., takes pride in the fact that he has represented The Central for forty-six years and that his company has been associated with this nation-wide organization for seventy years.

"We built up our Agency along the plan of many small risks," Mr. Bennett explains, and he credits the Central's advertising plan for much of his firm's success. He also states that Central's Management has "always carefully considered our presentation of perplexing situations, both from an Agency and Policyholder standpoint."

It will pay you to investigate The Central and find why it has long been a favorite of outstanding insurance agencies throughout the country.

We built up our Agency along the plan of many small risks. We now have many of our Policyholders, either knowingly or inadvertently working for both the CENTRAL and ourselves. The CENTRAL'S Advertising Plan will develop just such a program for any Agency.



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Ways-Means Group Excludes Local Agents from SS

WASHINGTON—Omission of fire and casualty agents from the definition of "employee" for social security purposes adopted this week by the House ways and means committee apparently excludes them from social security coverage, although it includes full time life insurance agents working for other persons for remuneration.

The definition is regarded by Maurice Herndon, Washington representative of National Assn. of Insurance Agents, as a "tremendous victory" for association members, though he warns that only one battle has been won and not the campaign involved in securing approval of the definition by House, Senate and the President.

Rep. Reed, ranking Republican com-

mittee member, who will lead a fight against the definition, says it would give the Treasury department "unlimited discretion in determining whether or not a person is an 'employee' for social security purposes as well as for federal income tax withholding purposes" and that "Congress has delegated its tax-writing authority to the Treasury department."

The definition would in effect repeal the Gearhart resolution.

Tenant Taking Truck Over Employer's Command Is Held to Constitute Theft

Equity Mutual has been held liable by the Arkansas supreme court under an automobile theft policy for the taking by a tenant of a truck of his employer for his personal use, against the express instructions of the employer, the case being Equity Mutual vs. Merrill. Cecil Stewart occupied a tenant house on Merrill's farm near Green Forest, Ark. Stewart was authorized to use the truck for farm purposes, but not in his own affairs. Twice during the 10 days preceding Aug. 2, 1947, Merrill had refused to permit Stewart to take the vehicle on a trip to the wheat harvest.

On the night of Aug. 2, Stewart took

the truck without permission and drove into Missouri. He followed an aimless circle course and was back in Arkansas driving west toward Green Forest when he was involved in the accident. Stewart arranged for the truck to be towed to a garage at Harrison, Ark., and he returned to his home the next day. He admitted having taken the truck and attributed it to the fact that he had been drunk and offered to bear the cost of repairs if Merrill wouldn't have him prosecuted.

The supreme court said the evidence is sufficient to support the verdict of the jury which may well have concluded that Stewart took the vehicle with the intention of going to the wheat harvest and that his aimless course was occasioned by his intoxication. When the accident occurred he was traveling in the direction of the wheat fields as well as of Green Forest. The action in having the truck taken to a garage and returning to his home does not eliminate the possibility that the taking was felonious.

Real Hazard in Handling Fluorescent Lights

Insurance men are expressing concern over the dangers involved in handling fluorescent lights, and some companies

are calling the matter to the attention of field men and general agents so that they can pass the word along.

According to a clinic at Massachusetts General Hospital in Boston during a recent meeting of the American Assn. of Industrial Physicians & Surgeons, beryllium is proving to be much more toxic than was at first thought and its effects are appearing in many ways. Most present day fluorescent bulbs contain from 1 to 4% beryllium powder. If the powder touches any open lesion of the skin, it enters the tissues and begins to cause a tumor-like growth and degeneration.

Glass Is Penetrating

The glass is very fine and penetrating and often flies with great force when a tube is broken. Pieces of glass which enter tissues have been known to cause long-standing, draining tumor masses, which necessitate the removal of large areas of skin, muscles and bone.

The general recommendation is that all maintenance men, factory operators, janitors and salvage employees be warned of the hazards of breaking fluorescent tubes. Anyone who should happen to break one should receive medical attention immediately to make sure he has received no cuts with this beryllium-contaminated glass.

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OFFICES IN PRINCIPAL CITIES
COAST TO COAST

FIELD

Lincoln Retires, North Amer. Names Butler in Okla.

W. C. Lincoln, Oklahoma state agent for North America, has resigned due to ill health. He joined the company in the engineering department at Chicago in 1926 and transferred to the Oklahoma field in 1932 after service at Indianapolis and South Bend, Ind. He served one term as vice-president of Oklahoma Fire Underwriters Assn.

Mr. Lincoln is succeeded in Oklahoma by J. W. Butler, who will be assisted by L. J. Baker, formerly local agent at Stillwater and later special agent for North America in Kansas.

Mr. Butler is former assistant manager of Oklahoma Audit Bureau.

Carroll Replaces Shepherd

American has transferred Edward S. Carroll to Trenton, N. J., replacing Clinton D. Shepherd, special agent, who has resigned to engage in the agency business in Newark. Mr. Carroll has been in the Essex county territory.

Gulgusky to Cleveland

American has appointed Robert V. Gulgusky as special agent to assist Thomas Hutch in northeastern Ohio. Following experience in a local agency in New Jersey, Mr. Gulgusky received training at the home office. His headquarters will be 1231 Chester avenue, Cleveland.

R. H. Vernay in Ga. Field

R. H. Vernay has been named a special agent in Georgia for Seibels, Bruce & Co., with headquarters in the Candler building, Atlanta. He has been in charge of the aviation department of Seibels, Bruce.

Field Men Hear Firemen

Members of the Dallas fire department spoke on inspections and chemical extinguishers at the July meeting of the North Texas Field Club school of instruction at Dallas.

The next session will be Sept. 6 at Longview, and 51 fieldmen already have registered.

The Kentucky Blue Goose has scheduled its annual outing at Tucker's Lake near Louisville, on Aug. 8. Last year's outing was held at the same place and was quite successful.

The St. Louis Blue Goose stag outing will be held Sept. 24 at the Sappington Pleasure Club.

The tentative program includes softball, corkball and horseshoes with plenty of food and liquid refreshments.

The annual dinner dance will be in Club Caprice, Sheraton Hotel, Feb. 4, 1950.

CHICAGO

DAHL OPENS OWN OFFICE

H. T. Dahl, a Chicago adjuster, is opening his own office at 1666 Insurance Exchange building Aug. 8. He entered the adjusting field 12 years ago with the Cook County Loss Adjustment Bureau and has been connected with John D. Wiese for the last few years.

NEW LIBRARY AID

Miss Kathryn Graham has been employed as assistant librarian in the Insurance Library of Chicago, which is maintained by Cook County Inspection Bureau. Mr. E. F. Andrews continues as librarian. Miss Graham in recent years has been catalogue acquisition librarian at the Galesburg division of University of Illinois. She graduated at that university and was secretary to I. D. Goss, former farm department manager of America Fore at Chicago

until his retirement in 1941. She then took a library science course at University of Illinois and entered upon the Galesburg position.

The Chicago Library has more than 10,000 books on insurance including all the texts required for the C.P.C.U. course. Several hundred Chicago firemen have used the library facilities since the recent promotional examinations for fire department officers were held.

MOUNTAIN W. U. A. PROGRAM CHIEF

Harry M. Mountain of Aetna Fire has been named chairman of the committee on order of business for the semi-annual meeting of Western Underwriters Assn. at the Greenbrier hotel, White Sulphur Springs, W. Va., Sept. 13-14. This committee will meet at Chicago Aug. 9 to prepare the program. The other members are Harry C. Bean, Travelers Fire; H. W. LaRue, America Fore; Allen M. Mills, Camden; W. L. Nolen, North British & Mercantile; C. W. Ohlsen, Sun; Leonard Peterson, Home, and E. H. Forkel, National Fire, the president. Special cars are leaving Chicago at 1 p.m. standard time Sept. 9, arriving White Sulphur Springs the next morning, and returning there will be special facilities leaving White Sulphur Springs at 6:30 p.m. Sept. 14.

APPOINT LIFE DIRECTOR

Joseph F. Osten has been named life insurance director of Associated Agencies, Inc., which is general agent for State Mutual Life. Mr. Osten succeeds Oscar S. Rome, who is becoming a personal producer. Mr. Osten has been general agent for Security Mutual of Binghamton at Chicago since 1948.

Mr. Osten is a graduate of Loyola University of Chicago. He was associated with the Chicago Title & Trust Co. from 1924 to 1931, and then became comptroller of American Slicing Machine Co. He entered life insurance in 1941 as an agent for Connecticut General. Soon afterward he became assistant manager of the Chicago

branch, engaged in recruiting and training.

ZUCK JOINS SPENCER

Ralph E. Zuck, midwestern sales representative for Prentice-Hall, Inc. for the last 10 years, has joined Charles D. Spencer & Associates, Chicago insurance advertising and publishing firm, as vice-president in charge of publication sales.

Harry A. Vaughan becomes vice-president in charge of advertising agency operations.

I.F.U.A. IN NEW OFFICE

Illinois Fire Underwriters Assn. has moved its headquarters office in the Insurance Exchange building from room 864 to room 1055. The new location is just down the hall from the offices of Western Underwriters Assn. Mrs. Ruth L. Hertz is secretary of I.F.U.A.

Brokers Finance Co. has moved to new offices at A-420 Insurance Exchange building, Chicago.

MARINE

Cochrane Retiring, Gloss Named on Coast by Phoenix

Ralph S. Cochrane, superintendent of the Pacific Coast inland marine department for Phoenix of Hartford will retire Sept. 1 and Robert C. Gloss, inland marine special agent at Los Angeles, will succeed him.

Mr. Cochrane started with Phoenix in 1917 in the ocean marine department at San Francisco. Subsequently he was office manager, assistant manager of the inland marine department, and in 1941 was named superintendent. He has

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served several times as a member of the Inland Marine Underwriters Assn. Pacific Coast advisory committee.

Mr. Cochrane was a rancher before the first war and now will return to that activity in northern California.

Mr. Gloss, a graduate of the University of California, entered the insurance business at San Francisco in 1935. He served in the navy for five years, and in 1945 joined Phoenix as inland marine special agent in southern California.

Will H. Harrison, Jr., and Robert J. Deardorf will succeed Mr. Gloss in the southern California-Arizona field. Mr. Harrison started with Phoenix at Chicago in 1940 and traveled as special agent in Illinois. After service in the navy he was transferred to Los Angeles as assistant to Mr. Gloss.

Mr. Deardorf will assist Mr. Harrison. He has served in the San Francisco inland marine department. He was a captain in the air force during the war.

W. H. McGee & Co. Expands in Northwest; Takes Over Marine Gen'l Agency

SEATTLE—Wm. H. McGee & Co., Inc., nation-wide marine underwriting firm, has completed negotiations for purchase of the business of C. Ed Cochrane & Co., Seattle marine underwriters. Harold Jackson, president of Wm. H. McGee & Co., who was here to complete the transaction, announced that the Cochrane organization will be continued as the Seattle branch of his organization.

C. Ed Cochrane, who established his general agency in 1945, joins the McGee organization as northwest manager with jurisdiction over the Pacific northwest states and British Columbia. For 25 years he was in the ocean and inland marine field with Home. He resigned as northwest marine supervisor for Home to launch his general agency.

Lichtenberger to Newark

W. R. Lichtenberger has been appointed inland marine special agent in New Jersey for Aetna Fire. He will be associated with E. C. Carrier, special agent, at Newark.

A graduate of Trinity College, Mr. Lichtenberger served four years as a navy pilot. He joined Aetna in 1946 and upon completion of a training course was assigned to the marine underwriting department.

Seattle Golf Contest

The Board of Marine Underwriters of Seattle will hold its annual golf tournament and party Aug. 5.

Following the tournament, there will be a cocktail hour and the traditional dinner party. Fred D. Loring, Home of New York, is chairman of the committee on arrangements and is being assisted by James Longmuir and Pete Rudy, Marine Office of America; and Gordon F. Rennie, St. Paul Fire & Marine, president of the Seattle board.

Seek to Clarify Video Maintenance Contract Issue

The New York department will ask the attorney general's office for clarification of the latter's ruling that classifies certain kinds of service contracts on television sets as insurance, subject to insurance department regulation. The effort is to determine specifically what kind of contract would be legal and not insurance so that the manufacturers of television equipment and perhaps other manufacturers or service organizations can correct their contracts to operate their businesses without becoming insurers.

Mutuals Get Auto Rate Cut in Ia.

DES MOINES—The Iowa department has approved a reduction of approximately 10% on motor vehicle material damage coverages to 11 mutual

automobile writing companies, with two of the companies obtaining a flat reduction on all passenger car rates.

The reduction was granted after the department turned down a request by stock companies for a rate increase several months ago.

Nominate Portland Trustees

Portland Assn. of Insurance Agents has nominated the new trustees for election Aug. 18. They are: Marshall R. Brown, Cole, Clark & Cunningham; Robert Downey, Sherman-Downey Co.; H. B. Larson, H. B. Larson agency; and Vic Taylor, Pownall, Taylor & Hays.

Home Mutuals Expand

Home Mutual and Home Mutual Casualty of Appleton, Wis., have acquired the Wichman business block for additional office space. The mutuals recently purchased other property for a new home office building. The Mil-

waukee offices are being moved about Aug. 15 to the Century building.

Auto Dealer Licensing Issue in Ohio Goes to Court

Paul R. Smith of Barnesville has appealed to the common pleas court of Belmont county the decision of the Ohio division of insurance refusing to grant him a license to write insurance. He was to handle insurance matters for Charles H. Sipe, Inc., automobile agency at Cambridge.

Employers Group to Move

The Southern California offices of Employers Group will move Aug. 1 to quarters in a new building in the "Miracle Mile" Wilshire section, Los Angeles.

George Henry, Royal state agent at San Antonio, presented to Mrs. Ruth W. Sergeant of the Sergeant, Duncan & Rine agency of San Antonio a desk

clock in recognition of the 75th year of the agency's representation of Royal.

C. E. Oxford to Agency

Clarence E. Oxford, formerly with Factory Insurance Assn., has joined the insurance department of Alester G. Furman Co. at Greenville, S. C.

Harry Mansfield, former court officer, has joined Joe Baker, formerly with Diamond Realty Co., in the formation of a local agency at Chattanooga representing Anchor Fire and Accident & Casualty.

Jack C. Davis of the Robinson-Davis agency of Gallipolis, O., has purchased the John W. Ropeter agency of that city. Mr. Davis formerly was Columbus claims manager for Ohio Farmers.

Austin (Tex.) Assn. of Insurance Agents viewed the sound film, "Fire Prevention—Its Place in Foreign Commerce."

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EDITORIAL COMMENT

The Exudation of Problems

Occasionally we find a man of managerial rank who is exuding problems. He has a lugubrious mien and seems to feel that he is being singularly plagued by managerial woes. The key to his weakness often is the fact that the problems with which he is obsessed are those that do not pertain to the main purpose of his job. He is troubled by secondary situations or by competitive conditions or by general economic, political or business affairs and for these he has a wrinkled brow and subjective writhings instead of executive dispatch or else he is diverting too much attention to side issues.

Perhaps some of these men are over their heads in their jobs and would be happier and more effective in a lesser position, but a good many of them could be elevated to their true responsibility

if the fact were brought home to them that there would be no need or place for a manager unless there were problems to be dealt with; that there is no serenity for a manager except when he gets those problems behind him that he can cope with and accepts other types of problems as a condition of business life and not as an affliction visited upon him. Also he can perhaps be aided by having outlined to him the capital purpose which his place in the organization is expected to serve. That may cause him to realize that he has been absorbing problems that should be handled by subordinates, that he has been unduly preoccupied with problems as such or that he has been struggling with too many external matters that don't contribute to the effectiveness of his operations for his own organization.

Polio and the Youthful Driver

In these dog days of August, parents are beset with constant uneasiness for their children because of the polio hazard and they are not permitted to forget the menace for more than a few hours at a time because both the morning and afternoon papers these days always have a polio story about the local incidence of the disease and about the situation in some one or more epidemic spots. Then, too, there are health department advices constantly impressed upon the parents, to keep the children out of crowds, to avoid fatigue, etc.

What we would like to see is the same kind of attention devoted to what we think is an equally great menace to youth and one that is susceptible in far greater measure to parental control. We are thinking of the automobile hazard and the young driver. If anywhere near the same sense of dread could be built up in the minds and hearts of the public on this score as has been generated on the subject of polio, we think there could be some very important accomplishments. For instance, if the same zeal were displayed in a campaign to collect dimes for advertising beamed at youngsters as well as parents on highway hazards as is devoted to the March of Dimes campaign for polio, we venture to say that the public welfare would be at least as well served.

The young driver problem, we think, has got to be tackled with a vengeance. It is a problem that existed to a considerable extent before the war, but it is one that has been very greatly mag-

nified since the war. It is a concomitant, in a way, of our new prosperity. Families that had no cars now have one and the youngsters are able to wheedle their way into getting at least partial use of it. One-car families have graduated into the two-car ranks, and this has given their youngsters more or less exclusive use of a car. Moreover, teenagers in these days of full employment have been able to finance the purchase of their own cars. Then, too, with the general economic uplifting has come a greater insistence up and down the line on keeping up with the Joneses. The youngsters are able to exploit that weakness of their parents to the utmost. A neighbor down the street is the vice-president of a bank and his 16 year old boy has free use of the car, so the family that has moved into the neighborhood so as to be able to mingle in the same society with bank vice-presidents succumbs to the wiles of their 16 years old child. And again, prosperity abets the acholic aspects of youthful motoring.

We need a crusade that will tend to stiffen the backbone of parents, to make them realize the inadequacies of any 16 year old driver, and cause them to lay down sound rules and regulations, penalties and deprivations in the use of the car by the children, regardless of what some neighbor's policy may be. We need, if possible, a crusade that can penetrate the consciousness of the youngsters themselves. We need to fortify the common conscience to insist that youth be compelled to observe the

proper requirements of society.

There is a lot of accident prevention work going on and it is all good and effective, but there is a very great need for pinpointing this particular aspect of the problem, attacking it with the same continuous zeal that is devoted to the scourge of polio. This would involve the expenditure of a great deal of money, but the very act of raising that money in every community in the land by volunteer workers, coin boxes, house-to-house solicitation, etc., would perhaps constitute well over half the battle. Many of the leaders in the polio campaign are men and women whose families have been afflicted and who speak with the utmost conviction and sincerity in the raising of funds. The field for volunteers in raising funds to combat the scourge of loosely regu-

lated, youthful driving, unfortunately would be a great deal larger, and to get telling their story an army of parents who have suffered at first hand the killing or maiming effect of the automobile would in itself constitute a very potent influence in the right direction. If the newspapers could be induced to run the same kind of box score stories on young driver accidents as they do on polio, the lesson would be driven home every day.

Sooner or later the nation has got to wake up to this grave problem with a shock and with a determination to solve it, because it is not going to solve itself and it is going to get worse. If the problem were tackled now with the same determination that it will have to be tackled at some time in the future, there would be just that many more lives saved and tragedies averted.

Where Luck Comes In

Every now and then when we see someone who has achieved something worth while and who is being a success in his undertaking, we are prone to ascribe luck as a factor and yet when a careful study is made of what such a person has accomplished we learn that

he is a hustler. He is not afraid to work. He does not shy at any task that is necessary in his line of duty. Luck usually comes to those who are hard at work because they are in the road to receive its visitation. They have their lightning rods up, so to say.

PERSONAL SIDE OF THE BUSINESS

Arthur Joyce, advertising manager of North America, has been elected a director of the Poor Richard Club of Philadelphia, oldest advertising club in the United States. Mr. Joyce is editor of Poor Richard's Almanack, successor to the original Almanack published by Benjamin Franklin.

Gordon Topham, of John Topham & Sons, gave a birthday surprise party for his brother William at the California Club at Los Angeles. Company men and insurance friends attended.

Cheney Prouty, Kansas City agent and past president of the Kansas Assn. of Insurance Agents has moved his office to 1020 Hotel Parkway.

Superintendent Dineen of New York and his special assistant Roy McCullough spent this week in Zurich and will return to this country on the "Mauretania" leaving Southampton Aug. 9. George Klein of the department completed his work and returned here two weeks ago.

A. A. Morey, vice-president of Marsh & McLennan of Chicago, was feted at a luncheon Monday given by David P. Shand, one of the senior vice-presidents of M. & M., on the occasion of Mr. Morey's 20th anniversary with the organization. Besides a number of the M. & M. officials, several large assured with whom Mr. Morey works were present. Mr. Morey travels extensively in his work and he calculates that in the two decades he has covered 760,000 miles in the interest of Marsh & McLennan. He graduated from Boston University and was with Employers Liability from 1925 until 1929.

C. S. Tucker, supervisor for American Foreign Insurance Assn. in Argentina, is spending several weeks in the U. S.

L. H. Dolan, American Foreign Insurance Assn., is on the last leg of a six week European visit which has taken him to England, France, Belgium and Holland.

DEATHS

Carter Mann, father of J. E. Mann of the Wichita office of the Kansas inspection bureau, died at his home in Topeka July 27.

Edmund C. Kupczynski, 49, who conducted an agency at Depew, N. Y., for many years, died in a Buffalo hospital July 26.

William A. McNeely, 61, vice-president and treasurer of Merchants Mutual Casualty Co. of Buffalo, died of a heart attack. He started with Merchants Mutual as a production department employee in 1922. He was elected a director in 1934 and three years later became vice-president and treasurer.

Thomas P. Murphy, 76, former manager of the metropolitan bonding department of Globe Indemnity, died at his home in Newark, N. J. He had been retired since 1939.

Mr. Murphy started in the insurance business at Scranton, Pa., before joining Globe in 1912. He served in the

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Spanish American War and the Filipino insurrection as a 1st lieutenant. Mr. Murphy was a member of the Casualty & Surety Club of New York, and was president of the Surety Managers Assn. of New York.

Mrs. Charles W. Sexton, 92, widow of the founder of the Charles W. Sexton Co. which operates agencies in Minneapolis, St. Paul, Portland, Ore., and New York City, died at Pasadena, Cal.

Charles F. Hardy, a former prominent Kansas field man, first for North America and later for Hartford Fire, died at Topeka at the age of 91.

Mr. Hardy was born at Rock Island, Ill., and graduated in law at Lawrence University. He served as district attorney for the territory of Dakota and was also probate judge there. He was with North America prior to 1907 and in that year, became Kansas state agent for Hartford fire. He was a member of the Topeka board of education from 1904 to 1914 and was a charter member of the Kansas Blue Goose. He was a poet and writer.

Edward S. Anderson, 78, retired special agent for Liverpool & London and Globe in New York and New England, died at East Orange, N. J. He was with the company for 29 years and for 12 years before his retirement in 1920 was located in Portland, Me.

John Delaney, 76, founder of Delaney & Co. agency, died July 24 at Oklahoma City. Born in Ireland, he came

to this country in 1893. He retired from active business about three years ago. His son, John Walter Delaney, is a partner in the agency.

Herbert M. Sisson, 66, retired, Oklahoma state agent of Phoenix of Hartford, died at his home at Laredo, Tex.

Mr. Sisson went to St. Louis at an early age as special agent for the Markham agency and later was in that capacity with the Crane agency. In 1907 he went to Oklahoma City as state agent for Hartford Fire.

Mrs. Florence K. Danne, wife of William C. Danne, Chicago class 1 local agent, died Tuesday morning after an illness of about three months. There are four children.

Mrs. S. J. Horton, wife of the executive secretary of Insurance Board of Cleveland, died at her residence at Shaker Heights, after an illness of several months. Her age was 67. She was born at Kidderminster, England, in 1882. Mr. and Mrs. Horton were married in 1910. He is this year observing his 30th anniversary as executive secretary of the Cleveland Board.

Mrs. Horton was widely known in vocal circles, singing in concerts, churches, and Chautauqua programs. Later Mrs. Horton was a Christian Science practitioner. She accompanied her husband to many insurance gatherings and hence had an extensive acquaintanceship in the business.

Mrs. Frederick H. Crum, 81, widow of one of the founders and original partners in the Crum & Forster partnership, died at her home at Paramus, N. J. Her husband died about 30 years ago.

Gerald Lowe, 76, a senior average adjuster for Johnson & Higgins at New York, before his retirement in 1930, died.

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Tinklepaugh Supervisor

Inland Marine Adjuster J. M. Tinklepaugh has been named inland marine supervisor at Kansas City by Western Adjustment.

S.E.U.A. Revamps Position on Term Premiums

(CONTINUED FROM PAGE 1)

ment at inception must equal a full annual premium with the remainder divided into equal amounts and payable on each anniversary date of the policy.

A revision of the language of the endorsement is still being worked on. If the agents' views are given full effect it will require that the endorsement be drawn so as to provide for no reduction or full reinstatement of policy in the event of loss and will require waiver of the insurer's right to collect unpaid premium applicable to the amount of any loss paid. This means that questions of policy and of law are involved.

Mr. Sampson suggested that pending completion of the committee's work and the filing of a collective plan, that any company that may find it necessary to make individual filing, embrace in its plans the principles that Mr. Sampson outlined regarding method of premium payments.

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Actuary Counsels Drawing Line Between Fields of Budgeting and Risk Bearing

Much of the present legislation for a national health insurance program goes far beyond insurance, Charles A. Siegfried, assistant actuary Metropolitan Life, declared at a meeting of the Dental Manufacturers of America. "We seem to see a limit beyond which there seems to be no practical advantage in the insurance mechanism," he said. "It is likely that it will be costly and uneconomic to provide benefits against those occurrences of life which are not risks but are almost certainties," he continued.

A sound insurance plan, he stated, should have three characteristics: The contingency insured against should be capable of being clearly defined; the occurrence of the contingency should to the maximum extent practicable, be beyond the control of the insured; and the contingency insured against should be one which occurs relatively infrequently from the standpoint of the person insured.

Sponsors in Dilemma

Proposals purporting to provide insurance against costs of medical and dental care might well be tested by these characteristics. Several problems are created. First there is no limit or boundary on the risk such as exists if one insures his life for a specified amount or his home against loss by fire up to specified amount. To insure against the costs of medical and dental care would mean insuring against costs ranging from nothing or a few dollars to sums of very substantial proportions unless a limit is established by which the type and volume of service is clearly limited. The absence of such limits leads to the wide divergence of views as to the cost of these broad programs. This leaves the sponsors of these programs in a dilemma. If a dollar limit is placed on the services to be provided the amount will exclude much service which they like to suggest would be covered. If they set the figure at a high enough level to include the volume of services that might be required for the more serious conditions, the potential total cost may be a staggering amount.

The second problem is that the type and quantity of medical service utilized by an "insured" person is to a considerable degree within the control of the individual. The service required is not only one of individual temperament but is also affected by the views, feelings, judgments and perhaps the self-interest of those who furnish the medical services.

Is Insurance Feasible?

Further problems are encountered, he said. Normally, large numbers of people will incur some expense on account of sickness or minor accidents or dental conditions in the course of a year. Such costs are relatively small and can be paid without any appreciable hardship. They are foreseeable and are of the same type as the cost incurred for a new tire for the family car, a repair job on the roof of the home, etc. Hardly anyone would regard such costs as unexpected, nor would they generally be regarded as requiring insurance. Yet, these costs constitute a very large part of the total expenditures for medical and dental care. In some respects the problem of providing insurance against the occurrence of these conditions is similar to and makes as little sense as insurance against the cost of food or clothing.

Some attention should be given to the matter of discovering where the line might be drawn between those conditions which are almost certain to occur

and for which provision can better be made on an individual basis, and those conditions which involve serious hardship which probably could be alleviated by the use of some form of risk-spreading device, Mr. Siegfried said. It does seem that some persons have intended to think in terms of insuring an area which involves expenditures that can more effectively be dealt with by individual budgeting. It is questionable whether it is either sound or wise to incur large additional costs to provide insurance against such costs merely because individuals have not recognized their responsibilities in this area due, perhaps, partly to certain deficiencies and errors in the way the public has been educated in this regard.

DENTAL CARE

He pointed out that with respect to general conditions there is some doubt as to whether there is any area where dental costs cannot be adequately dealt with satisfactorily by a budgeting approach rather than by insurance. The large costs of some dental work are frequently the result of neglect of conditions that could have been dealt with simply and inexpensively. If this is so, they, too, cannot be classed as unforeseeable risks that can properly be insured. There is existing today a large amount of dental work waiting to be done, the cost of much of it would no doubt be considered burdensome by the individual directly concerned. However, this is not a cost which could be insured. It is a contingency that has already occurred. There are cases, however, he said, where through accident or disease a major dental operation is involved which develops rather suddenly and where the cost of dealing with it effectively would be a serious burden. In such an area, he said, there may be a field for insurance, although there are some difficult hurdles in the way.

Insurance Can Be Helpful

The cost of medical service does pose many problems and inflicts severe burdens, he said, and insurance can help greatly in solving many of these financial difficulties. However, he stated, insurance is not a financial cure-all in this field, especially if attempts are made to utilize insurance in areas for which it is not adaptable.

He differed with the view that health can be bought. Admitting that in many respects there is a correlation between what is spent for health activities, assuming it is well spent, and the sickness and death record experience, Mr. Siegfried said that health depends on a very great variety of factors and it is by no means certain that increasing expenditures on medical facilities and treatments is the most important element in any long-range program aimed at improving the nation's health. Much of the improvement in health in recent decades is due in considerable measure to improvements in the general standard of living.

New Ky. Company Seen

A group of men in Lexington, Ky., headed by Dr. David W. Barrow, is seeking a charter for a co-operative life and disability benefits insurance company. Dr. Barrow asked Spalding Southall, director of the insurance division, about the taxes that would have to be paid on such a company. Hal Williams, assistant attorney general, said the matter would have to be settled by the courts, as he could find no state law pertaining to such a company.

Emmco Casualty Business Absorbed by Am. States

American States of Indianapolis has reinsured all of the automobile and casualty business of Emmco Casualty of South Bend, except the hospitalization account. It is stated that this gives American States a premium volume of about \$12 million a year. In 1948 the net premiums written of Emmco Casualty were \$3,088,542 of which but \$31,568 was hospitalization. The premiums of American States were \$7,593,938.

Emmco Casualty is a wholly owned subsidiary of Emmco Ins. Co., which in turn is part of Associates Investment Co. Emmco is engaged in the automobile insurance business in 32 states, principally in the finance field and its premiums exceed \$12 million. That company will continue in business and intends to expand its activities.

This departure means that the Emmco organization will revert pretty much to its former status of an automobile finance insurer.

American States was founded by Dudley R. Gallahue, now chairman, and Edward F. Gallahue, now president, in 1926. The reinsurance arrangements were handled for Emmco by Thomas F. Shortall, vice-president and secretary, and for American States by Edward P. Gallagher, executive vice-president and general counsel.

Award Big Contracts in Construction Field

Schofer-Gordon-Hinman and Hunkin-Conkin Construction Co., as joint venturers, have been awarded the contract for construction of the East Branch Clarion dam in Clarion county, Penn. at their bid of \$4,887,019. Fidelity & Deposit as originator has executed the bonds on the work, along with five other co-sureties.

Guy F. Atkinson Co., Ostrander Construction Co., and J. A. Jones Construction Co. of south San Francisco, as joint venturers, were low bidders with \$15,835,137 for construction of the Oregon Shore Cofferdam and portion of powerhouse, substructure-station, service bay for powerhouse, portion of Oregon Shore abutment embankment on McNary Dam, near Umatilla, Ore. Fidelity & Deposit for Atkinson and Aetna Casualty for Jones were on the bid bond.

Marshall, Haas & Royce of San Mateo, Cal., were low bidders, with \$1,626,250 for the construction of the Trenton Dam Foundation, Missouri River Basin project, near Trenton, Neb. Seaboard Surety Co. wrote the bid bond on the work.

Gaskins Retires at N. Y.

R. B. Gaskins has retired as assistant manager of Hartford Steam Boiler in New York City. He has been with the company 45 years, starting at St. Louis as a bookkeeper and transferring to New York in 1909. He became assistant manager in 1942. He was honored at a dinner by associates in the New York office and presented a gift. He is leaving shortly for a Mediterranean cruise and then will retire to his native Harrisburg, Ill.

Walter Kraft, vice-president Continental Casualty, in charge of surety affairs, spent July visiting Continental offices on the west coast and with his brother in Fall Brook, Calif.

Harlan W. Knox, formerly in charge of the Portland office of Pacific General agency, has established a local agency at Portland, Ore.

Insurance Stocks Now Almost at Year's High Record

More Dividend Increases Anticipated; Buy More Common Stocks

The steady improvement in underwriting results of the fire companies with the consequent increase in dividends on the part of some has brought insurance stocks close to the year's high for these securities. Reports on operations for the first six months are favorable and should continue so. At least one company group and perhaps others that had not planned to increase dividends have now done so. Observers foresee other dividend increases in the fall for the fire companies and possibly even for some of the casualty carriers.

Hartford Fire announced a stock dividend of 33 1/4%, American has increased its dividend from 70 to 90 cents, New Amsterdam Casualty from \$1.30 to \$1.40, Northwestern National from \$5 to \$6.50, Reinsurance Corp. from 25 to 30 cents, and so on. Continental, Fidelity Phenix, Home, Hanover, Jersey, etc. had already made increases. The increases that have occurred in the past year or that may occur the remainder of the year are the first substantial changes since 1939. While stocks in other fields have been going up and producing more revenue for owners, under the circumstances insurance securities have been forced to continue at old yields. Now the insurance stockholder is getting recognition.

More Activity in Insurance Stocks

This is important to the insurance business because most insurance stocks are bought for yield, and with the price rising and dividends being increased activity in insurance stocks is expected to accelerate. The profit formula report of the insurance commissioners has had a favorable effect, and there has been special commendation for the fair mindedness of the commissioners.

One effect of improved underwriting results is to cause fire company investment men to purchase more common stocks. Underwriting is at last on the profit side and although premium volume is not going up, so that risk exposure and unearned premium reserve liability remain fairly constant, it is not falling off appreciably—and the fire companies can safely purchase more common issues. During the last two or three years they have been inclined to put new money into bonds for liquidity. The stock market has moved up fairly consistently for about six weeks. There is also the tax advantage of stock ownership as compared with other types of securities. The companies pay 38% corporate federal income tax rate on dividends except those on common stocks, where they pay this rate on only 15% of the dividends received.

Safety Standard

The big point with investment men of fire insurers is the safety standard they seek to maintain. Here the main measurement is to have enough cash, government bonds, and agents' balances to about equal unearned premium reserve and other prime liabilities. Beyond that, if the company has substantial sur-

(CONTINUED ON PAGE 32)

Accident Toll in 4 Years 4 Times Atomic Deaths

Four hundred thousand Americans have been killed by accidents in the U. S. since the atomic age burst on the world at Hiroshima four years ago today—four times as many deaths as the atom bombs caused. The two bombs dropped on Hiroshima and Nagasaki killed about 110,000 Japanese.

That comparison is made by Ned H. Dearborn, president of National Safety Council.

The 400,000 Americans have been killed, Mr. Dearborn said, "not by the new products of genius, but by the old stupidities. Accidents—the banal, needless, profitless, pre-war type of accidents—have killed almost four times as many people in post-war America as the atom bomb killed in Japan."

Mr. Dearborn said the accidental death toll in other countries of the world cannot be estimated, but if the world rate is anywhere near the American, about 6 million have been killed by accidents in the four years of the atomic era.

The disaster of accidents, he said, is

a grim and bloody fact. The millions who have died in the world, the 400,000 who have died in the U. S., are no less dead because they died singly or in small groups, scattered in both space and time.

Ga. Commissioner Gives Mail Order Warning

"Mail order insurance companies" were blasted by Commissioner Cravey of Georgia in a public statement.

"I warn those who do business with such companies that their chances of collecting any claim is extremely doubtful," he said.

"All companies operating legitimately must register with the state insurance department, post a bond and appoint an agent for service with the state," he continued. "A policyholder with these companies can thereby get jurisdiction in Georgia if an action of law becomes necessary."

A "typical" case of mail order insurance, the commissioner said, involved a Georgia woman who filed a claim for a small amount with one of these companies. The company refused to pay and declared that it had no records of the policy, despite the fact that the woman had been paying premiums for several years.

T. W. Smith Retiring After 35 Years With Travelers

Tracy W. Smith, vice-president of Travelers with supervision over the casualty, fidelity and surety agency department, will retire from active service Sept. 1 on the advice of his doctor.

Mr. Smith joined Travelers as an inspector in New York city in 1914 and, after two years there and at Rochester and Syracuse, went to the home office as a boiler special agent. During the first war he served as a second lieutenant in the field artillery.

He rejoined the casualty agency department of Travelers in 1919, and has served continuously there since. He has been successively field assistant, agency assistant, assistant superintendent of



T. W. Smith

agencies, superintendent of agencies, and vice-president.

Mr. Smith is taking a short vacation and will return to his office later in the month to dispose of unfinished business.

Shorthand Statement Book Published for Adjusters

Roy Domke, supervisor of claims for Zurich at San Francisco, and Anthony N. Morphy, shorthand reporter, have published a booklet on "Getting a Good Shorthand Statement," written for insurance adjusters. The executive committee of the San Francisco Casualty & Surety Claims Assn., has endorsed the volume which covers a heretofore neglected field. General Adjustment Bureau has adopted the booklet in connection with its educational program. The booklets cost \$1 apiece and may be obtained through Arthur C. Jensen, 1095 Market Street, San Francisco 3, or William J. Fittin, Accident Claims Service, 175 West Jackson Blvd., Chicago.

Award Big Cal. Contracts

Public contracts by national and state bodies awarded last week at Los Angeles included:

Fisher Contracting Co., Phoenix, Ariz., awarded a contract by U. S. Bureau of Reclamation, at the bid price of \$1,385,163, for construction of earthwork and structures of the Wellton-Mohawk check and turnout, Gila gravity main canal, and the earthwork and structures of the Wellton-Mohawk canal, Gila Project, Ariz. Fidelity & Deposit will execute the bond on the work.

James I. Barnes Construction Co., Santa Monica, Cal., has been awarded a contract by the California state board of public works for construction of the tuberculosis unit and ward building at Patton state hospital at Patton for \$1,230,610. Seaboard Surety will write the bond.

New Amsterdam Dividend

New Amsterdam Casualty has declared a semi-annual dividend of 70 cents payable Sept. 1 to stock of record Aug. 5. In March a semi-annual dividend of 60 cents was paid so that the disbursement for this year is \$1.30. During 1945 there was paid 50 cents in March and 60 cents in September. Previously the payments had been 50 cents semi-annually since 1942.

Aids Indiana Probe

James K. Northam, former deputy attorney general of Indiana, it is announced, is assisting the Indiana department in investigating the claim practices of automobile insurers. This study is being undertaken pursuant to a resolution adopted by the Indiana legislature. The position pays \$4,000 a year.

Sues on Air Policy Machines

Franklin H. Ellison, a Brooklyn inventor, has filed a suit for damages in New York federal court against Fidelity & Casualty, Associated Aviation Underwriters, Pendleton & Pendleton, Brooklyn agents, and others, charging that they have infringed his copyright on machines used to sell aviation accident policies at airports and airline terminals. A few months ago Mr. Ellison conducted a press conference at Washington at which he stated that the government owed him quite a few million dollars for his having conceived the ideas used by the New Deal to get the country out of the last depression and several other suggestions which he said Franklin D. Roosevelt had taken from him and used during his administration.

Robert D. Battenhoff has established the Battenhoff agency and opened an office at Eau Claire, Wis. He started in agency work in 1939, spent five years in the army, and later was with the Spencer A. Burk agency.

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How to make friends with the boss

ANY employer will appreciate the load which Business Accident insurance takes off his shoulders—the concern and embarrassment caused by the key employee who is accidentally injured, unable to work, and in need of financial assistance.

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Employers should know more about this protection. Informative and attractive sales aids and literature are available for your mailing.

And remember, with each case you close, you are acquiring many names of excellent prospects for other lines of insurance.



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HARTFORD, CONNECTICUT

Effect of Unlevel Blanket Medical

The underwriting committee of Bureau of A. & H. Underwriters has circulated information concerning the effect of selling the blanket medical coverage in accident and health policies on an unlevel basis. W. E. Kipp, Indemnity of North America, is chairman of the committee.

Becoming concerned with the development of this practice, the committee made a study of the statistics collected by the bureau. Based upon this study the committee reported:

"20 Times" Formula

"The use of schedule type accident policies and other types which require the breakdown of rates for each feature of the policy seems to lend itself to the sale of blanket medical coverage on an unlevel basis; that is, the writing of blanket medical coverage for less than 20 times the weekly indemnity, which was the custom generally heretofore. A recent survey indicates that a policy issued with the medical equal to 20 times the weekly indemnity has become the exception rather than the rule.

"On two previous occasions the bureau has called attention to the fact that the loss cost of the first \$500 of

blanket medical increased with the amount of the weekly indemnity. A recent review of the bureau collection of loss experience statistics unquestionably indicates that the practice of writing blanket medical coverage on the unlevel basis is more costly than on the level basis. The loss ratio produced by the first \$500 of blanket medical under policies with less than \$50 weekly indemnity is 35%, whereas the loss ratio for the first \$500 of blanket medical for policies of \$50 or more weekly indemnity is 51%, or approximately 50% greater. This difference, under conditions of business stress, could easily prove to be costly to insurers, if not disastrous."

Home Safety Booklet

Aetna Casualty has released a new 24-page booklet on home safety entitled "Home—The Most Dangerous Place in America."

Emphasizing the importance of correcting the "little things" which, if left unattended to, are the causes of most common home accidents, the convenient pocket-size, two-color booklet points out the dangers existing in each room and section of the home and gives practical suggestions for their removal.

Industrial of New Jersey has been admitted to Ohio.

Central Surety Makes Good Gains

Net premiums written by Central Surety in the first half of the year totaled \$6,761,985, an increase of \$852,526. Assets rose \$890,619, amounting to \$18,990,322 on June 30.

Net profits were \$271,252, equal to \$5.42 a share, compared with \$353,008, or \$7.06 a share, a year earlier. Premium reserve was \$5,545,850, an increase of \$490,423 for the six months.

Surplus was \$4,013,845, up \$228,615. The quarterly dividend of 50 cents a share has been declared, payable Aug. 15 to stock of record Aug. 1.

Deny W. C. Increase in Ia.

DES MOINES—Commissioner Alexander of Iowa has denied an application by National Council on Workmen's Compensation Insurance for an increase of 4.2% and has suggested instead that rates be reduced.

At a hearing on the council application, Iowa Manufacturers Assn. protested. Mr. Alexander remarked that the hearing had taken a wider scope by common consent, but he was limited under Iowa rating laws to approval or disapproval. He suggested to the coun-

cil, however, that it file an amended application giving added effect to certain factors which would tend to achieve an overall decrease, and observed that if the council did not do so, Iowa Manufacturers Assn. could file such an application.

The council requested a reduction in the permissible loss ratio from .625 to .600 by transferring .025 to the expense side as a profit factor. The commissioner said that such an assumption was not justified in the face of actual Iowa loss ratios, but he would sanction inclusion of a profit factor of .015.

The commissioner stated that a decrease of from 6.7% to 17.4% in Iowa's compensation rates could be supported.

Cal. Minimum Benefits Law Signed by Gov. Warren

Governor Warren of California has signed the disability minimum benefits bill that gives Insurance Commissioner Downey wide discretionary powers over policy approval. This is a measure that was hotly contested in the legislature. It contains a provision that benefits must be of economic value to the insured which allows the commissioner to gear benefits to the general cost of living.

Five members of the insurance industry are to serve on a committee to advise the commissioner as to rules under the new law, and it is expected that this group will meet shortly to decide on what action may be taken.

Fight Hold Harmless Clause

LOS ANGELES—California Assn. of Insurance Agents has come out in opposition to a hold harmless clause which automobile dealers in one city of the state have incorporated into their agreements with customers who borrow cars belonging to the dealer. The clause reads:

"Borrower expressly agrees that he will indemnify and hold harmless dealer from and against any and all claims, suits, or demands arising or resulting from the maintenance and/or use of the subject automobile by borrower and reimburse dealer for any and all loss and/or damage to the subject automobile while in the possession of the borrower."

It is held that the borrower in signing the clause violates the provisions of the standard automobile policy regarding the driving of other cars.

Officers and directors of the state association have gone on record as condemning such agreements as being against public policy.

Revise Kansas Fire Manual

Clyde Latchem, Kansas state fire marshal, has revised the fire safety manual used in Kansas schools. It was distributed last week.

Hawkeye Casualty has been admitted to Ohio.

Liability Package Makes Airport Selling Simpler

Many producers find it profitable to make regular visits to airports in their vicinity to discuss coverages with the airport manager and the various tenants. The sale of aviation insurance has been simplified for all concerned by package policies. Associated Aviation Underwriters, for example, writes fixed base (airport) liability policies, which permit the airport operator or the owner of a repair station or training facility to purchase all of his aviation coverages under one policy. Coverage afforded includes airport liability (O. L. & T.), products liability, hangarkeeper's liability, aircraft liability, contractual liability and owner's and principal's protective liability. With such a policy, it is easy for both agent and insurer to make sure that there is neither duplication nor oversight. Such coverage provides a fine introduction to other aviation business at the local airport.

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No Loss From Lawsuits...

the hostess is adequately protected by an
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When a guest is injured in your home you are immediately faced with the possibility of being held responsible for the accident. The same is true when a delivery boy trips on your back steps... your dog nips the postman... a passer-by falls on an icy patch of sidewalk on your premises... an injury is inflicted by your sliced drive on a golf course.

All these contingencies and many more are covered by American-Associated's Compre-

hensive Personal Liability Policy which protects the insured and his family against financial loss from claims and law suits arising out of accidental injury to others and damage to their property.

Regardless of the insured's legal liability the policy will pay medical expenses, hospital bills and the cost of surgical and nursing services for others accidentally injured.

This comprehensive personal protection costs so little that you cannot afford to be without it. It's a great investment in peace of mind!

**American-Associated Comprehensive
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Cost of Defense, Court Costs, Bonds of
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of Judgments (up to the policy limits)
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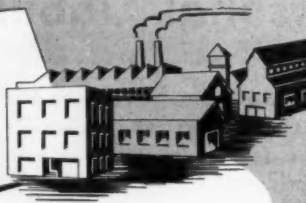
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NEWS OF THE CASUALTY COMPANIES

Employers Re Has \$2 Million Gain

Net premiums written by Employers Reinsurance in the first six months of 1949 were \$14,412,616 as compared with \$12,517,242 for the same period in 1948, a gain of about 15%. Unearned premium reserve increased by \$2,968,979.

Employers Reinsurance had an investment income of \$401,865, an increase of \$60,513.

Assets as of June 30 totaled \$43,680,698, a gain of \$1,309,696 in the six months. Investments in bonds totaled \$32,142,907, up \$2,762,487 for the six months, while the market value of stocks was \$5,600,484, compared with \$5,617,149 at Dec. 31. The market value of securities over the statement value was \$301,913.

The voluntary special reserve at June 30 was \$527,710, a decrease from \$1,572,358 for the six month period.

U.S.F.&G. Sets Premium Record

The premium writings of U.S.F.&G. for the first six months of this year amounted to \$51,929,710 which was the largest volume ever written in a similar period, and which was an increase of 17% over the same period last year. There was an increase in premium reserve of \$5,702,267 and premiums earned were \$46,227,442 which was an increase of 21%.

Surplus was \$26,592,071 as compared with \$25,175,203 at the end of 1948. The voluntary reserve which reflects security price fluctuations, was \$3,400,454 as compared with \$3,265,138 at Dec. 31. Surplus to policyholders was \$39,992,326, assets \$153,708,782 as compared with \$143,728,203 at Dec. 31.

Fort Scott Companies Have Big Premium Gain

Western Casualty & Surety and Western Fire of Fort Scott report a record volume of premiums written during the first six months of 1949 in the amount of \$8,135,192, an increase of \$1,317,973 over the corresponding period of 1948.

Assets of the casualty company rose \$904,578 to a total of \$14,220,607 and the surplus to policyholders increased \$310,947 to a total of \$3,170,769.

Assets of the fire company rose \$682,728 to a total of \$5,944,449 and surplus to policyholders increased \$114,993 to a total of \$2,185,662.

The two companies had an incurred loss ratio of 48.1% to premiums earned, and an expense ratio of 39.7% to premiums written.

Tenn Workmen's Comp. Rates Increased 4.9%

NASHVILLE—Workmen's compensation rates in Tennessee have been increased 4.9%. This will be an additional charge in the state of about \$360,000 annually.

The increase follows a liberalization of the compensation law by the recent legislature. Weekly benefits were upped from \$20 to \$25 and total disability benefits from \$6,500 to \$7,500.

Commissioner Allen observed that the National Council on Compensation Insurance filed for a 6.8% increase, the figure including a 2.5% profit factor, and his reduction was made in the profit figure.

American Re-Insurance has declared a dividend of 30 cents per share, payable Aug. 16, to stock of record Aug. 5.

Continental Cas. Attains New Peaks

With an underwriting profit of \$1,374,480 and net investment income of \$1,086,185 Continental Casualty had an operating profit of \$2,460,665 before income tax for the first six months of 1949, according to President Roy Tuchbreiter. Net operating income after income tax was \$1,790,665 as compared with \$1,385,487 for the corresponding period of 1948.

Net premiums written by Continental Casualty during the first six months of the year totaled \$41,138,062, an increase of \$3,628,877 over the same period of 1948 and a new high in any six months' period. Earned premiums totaled \$39,593,103, reflecting an increase of \$1,544,959 in the premium reserve.

Assets were at a new high of \$107,985,745 as of June 30; surplus to policyholders, including a general contingency reserve of \$6,885,000, also reached a new high of \$34,576,196.

Form New La. Company

Marquette Casualty is being organized at New Orleans by Roy J. Martin and a group of business and professional men. The company will have an authorized capital and surplus of \$300,000, of which more than 50% has been subscribed. It is expected the company should be ready for business before the end of 1949, and at the start will write automobile full coverage. Other casualty lines will be added later. Mr. Martin has been in insurance for 25 years and for the past six years has been president of Roy Martin & Co., New Orleans, managing general agents for Louisiana and Mississippi.

Wilson Heads Own Firm

J. Howard Wilson has severed connection with Medbury-Wilson of Youngstown, and has become president of a new company, J. Howard Wilson Underwriters, Inc., in the Union National Bank Bldg. He went to Youngstown in 1916 as manager of the casualty insurance department of the General Insurance Agency, predecessor firm.

Comprehensive Rules Revision

National Bureau of Casualty Underwriters has issued revised rules on comprehensive automobile and general liability. A lot of unnecessary language was eliminated, and the rules now occupy a good deal less space than formerly. The changes incorporated are ones made since the rules were first issued in 1941.

Charles E. Long, former president of the Hutchinson, Kan., insurance board, is vacationing at Colorado Springs with Mrs. Long.

WANTED

General Casualty and Automobile Special Agents wanted for servicing general agencies in Mid-western territories.

This is a good opportunity for field men desiring to make a connection with a strong, aggressive, expanding company. Apply Personnel Department, Auto-Owners Insurance Company, 615 N. Capitol Avenue, Lansing, Michigan.

CHANGES IN CASUALTY FIELD

Wratten and Petro Elevated at Chicago

W. F. Wratten has been elevated to the position of branch manager at Chicago of American-Associated and Edward F. Petro is promoted to assistant branch manager, according to announcement of R. S. Chaloner, resident vice-president.

Mr. Wratten has been assistant manager and Mr. Petro production supervisor.

Mr. Wratten graduated at DePaul University, Chicago, in 1927. He started with Hardware Mutual Casualty in 1930 and joined American Automobile at the head office in 1944. Later in the same year, he was named underwriting supervisor at Milwaukee and early in 1948 he became underwriting manager at Chicago and shortly thereafter was named assistant manager.

Mr. Petro had agency experience at Chicago before joining American Auto there in 1934 as an underwriter. He became senior underwriter and then transferred to field activities and since 1945 has been supervisor of production. He has a broad knowledge of underwriting, as well as field work.

Long to American Casualty in Engineering Post

American Casualty has appointed John S. Long as superintendent of the engineering department.

Mr. Long, a graduate of Brown University, has spent his entire career in the safety engineering field. He started with Travelers as a field inspector in 1928, and joined American Mutual Liability in 1929. In 1934, he went with Fidelity & Casualty. During the war he was in the marine corps. More recently he has been with National Surety and Fireman's Fund Indemnity.

H. A. Blocker Seattle Head of Hartford Steam Boiler

H. A. Blocker has been appointed Seattle manager of Hartford Steam Boiler to take the place left vacant by the retirement of E. G. Watson. Mr. Blocker joined Hartford Steam Boiler in 1944 as special agent at Chicago. He had been engaged in sales work and sales supervision for the preceding 10 years.

Mr. Watson was born and educated in England and had much engineering experience including five years in the British navy, when he joined Hartford Steam Boiler in 1920 as inspector at New York. Two years later he was appointed special agent in upper New York state and in 1927 became resident agent at Seattle. Since 1928 he has been manager there.

Miller Named in S. Cal.

Lew C. Miller has been appointed special agent for Southern California for the Phoenix-London group. He formerly was with Ray Rosendahl Co., and Hansen & Rowland.

Kelly Advanced at Pittsburgh

Indemnity of North America has appointed Franklin B. Kelly as assistant manager at Pittsburgh.

Mr. Kelly has been with the company since 1937. He served as special agent in eastern Pennsylvania before being assigned to Pittsburgh in 1942.

New Liberty Mutual Office

Liberty Mutual has opened an office at Green Bay, Wis., with John Bosworth as resident manager, and Maynard Lennon, resident claims manager.

Dally, Williams Advance

Henry Dally, surety underwriter for

U. S. F. & G. at Los Angeles, has been promoted to assistant superintendent of the department.

Stephen Williams, who has been an underwriter in the casualty department, also has been promoted to assistant superintendent of the department.

Fifer, O'Grady to N. Y. for Royal

Calvin Fifer and William J. O'Grady have joined the New York metropolitan

office of Royal Indemnity.

Mr. Fifer has been with Continental Casualty in Philadelphia. He is specializing in A. & H.

Mr. O'Grady has been in the Kentucky and Tennessee field for Royal. He is doing production work on all lines with brokers in his new assignment.

New Hartford Claim Office

Hartford Accident has opened a claim office at Colorado Springs with Ralph R. Rominger in charge. Mr. Rominger has been an adjuster at Colorado Springs since 1947. He is a graduate of Denver

University.

The new office will provide claim service in southeastern Colorado and Colfax and Union counties, N. M.

Keighley Heads Kan. Claims

Vernon E. Keighley, formerly with the Kansas highway patrol, has been named Kansas claims manager of Allied Mutual Casualty of Des Moines with headquarters at Topeka.

Thomas S. Nichols, president of Mathieson Chemical Corp., has been elected a director of U. S. F. & G.



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Can Help You Meet the Law's Requirements by Providing

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WHY? Because he is trained in handling judicial bonds—bonds required in court actions and matters of estates.

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ASK THIS MAN—your local U.S.F. & G. Agent—to serve your needs whenever you are required by law to furnish bonds. Corporate bonds are as accessible as your telephone.

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ACCIDENT

Republic Nat'l Absorbs Alliance; Combined A. & H. Premium \$1½ Million

The purchase and reinsurance of Alliance Life of Chicago by Republic National Life of Dallas creates an institution with accident and health premium income in the neighborhood of \$1½ million as well as a company with better than \$275 million of life insurance in force. In 1948 the A. & H. premiums of Alliance Life were \$743,501 and those of Republic National were \$662,414.

Republic National paid \$6 a share or a total of \$3,600,000 for Alliance Life. Republic National has been licensed in Texas and Oklahoma and Alliance Life has been licensed in 10 states besides those two. Republic National is now in the process of becoming licensed in those 10 other states.

President T. P. Beasley of Republic National is at the Chicago headquarters much of the time now in connection with the reorganization. The move to Dallas is being completed this week. A mid-western regional office will be maintained at Chicago in charge of B. T. Kamins as vice-president and associate director of agencies.

E. F. Jones Slated to Head San Francisco A. & H. Group

SAN FRANCISCO—Owing to some conflict of opinion on policies involving national affiliations and the accident & health managers club, Mark Barichievich, general agent for Occidental Life, who was one of the founders and first secretary of San Francisco A. & H. Underwriters Assn., has resigned that office. Louis Hirschorn, World Life, was appointed to act in that capacity until the election later this month. Nominated for office are E. F. Jones, Washington National, president; Dave Kramer, Westland Life, vice-president; Mr. Hirschorn, secretary. H. D. Quigley, Mutual Benefit H. & A., retiring president, was nominated for chairman of the executive committee.

New 8-Disease Policy

Independent Life & Accident of Louisville has issued a new policy covering eight of the "public enemy" diseases. It sells for \$4 a year covering one person, or \$10 for the family, including unmarried children between the ages of three months and 18 years. The

policy pays up to \$5,000 and covers up to three years treatment of poliomyelitis, tetanus, encephalitis, leukemia, spinal meningitis, scarlet fever, diphtheria, smallpox.

Farm Bureau Cos. Name J. E. Faust Group Actuary

J. Edward Faust has been appointed group actuary of the Farm Bureau companies, Columbus, O. Mr. Faust graduated from Notre Dame University and later pursued graduate actuarial studies at University of Michigan. He is a naval veteran.

Mr Faust was previously an assistant actuary in the Indiana department and later was an assistant group-permanent actuary with Continental Assurance.

A. R. Jepsen Named at Duluth

A. R. Jepsen has become district manager for the disability division of Continental Casualty and for Continental Assurance in northern Wisconsin and in northern Minnesota. He has opened new offices in the Torrey building, Duluth. Mr. Jepsen in 1940 was the first representative of North American Life & Casualty at Duluth.

Voluntary Insurance Would Degrade Labor, Cal. Group Says

California State Federation of Labor has issued a bulletin in which it charges that the "insurance lobby," working in "close concert with the controlling employer interests at Sacramento sought to frustrate the unemployment insurance system, the disability insurance system and the workmen's compensation insurance system."

It particularly resents the opposition which developed against its efforts to greatly increase UCD and compensation benefits. It declared that "the insurance raiders sought to destroy not only the welfare ambitions of the present but the hard earned gains of the past" and criticises the attitude of the business in view of the fact that the disability system has "brought profit and wealth to the private insurance carriers. The voluntary insurance plan serves those who would exploit and degrade all who toil for a living."

New Angles Found in Cal. Auto Responsibility Law

In recasting its financial responsibility law the California legislature came up with several novel features. One of these is the requirement of the person who has suffered injury or damage to furnish an estimate of his loss.

The California law applies only to motor vehicle operators. There is a new provision that if the car is driven by an employee, he is not required to show evidence of financial responsibility, and the employer is. The employer must furnish security or have his license suspended. A chauffeur may have his own driver's license suspended but not his chauffeur's license, which of course is his livelihood.

There is also a simplified procedure on releases where infants are concerned. Court approval is not now required.

Financial responsibility laws of the security type adopted during the past legislative season were those in Hawaii, effective Jan. 1; Nevada, Sept. 1; Oklahoma, Jan. 1; Pennsylvania, Feb. 1, 1950; Tennessee and Florida, July 1, 1949.

Ninow Leads Minn. Group

The Minnesota Assn. of Mutual Underwriters has elected the following officers for 1949-50: President, Charles H. Ninow, Bird Island; vice-president, Philip Halling, Rochester; secretary, Victor Arneson, Fergus Falls; treasurer, Ed Schiebel, New Ulm. Plans are being made to hold the annual convention Sept. 19-20.



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Mortgage Redemption Cover Is Foot in Door for Any Type of Producer

A form of insurance that is easy to sell yet far from generally sold, and which is a topflight door-opener because of its many by-products for both life producers and general insurance producers, is mortgage redemption life insurance. Men like John J. Bataille, Jr., the leading producer of the Ferrel M. Bean general agency of John Hancock Mutual Life in Chicago, have realized a large volume from the sale of policies designed to retire real estate mortgages at the death of the family head.

Mr. Bataille has found that the vast proportion of such risks are not covered in spite of the fact that life insurance salesmen have been soliciting such business for some years. He has discovered that mortgage life insurance is a great help to the general insurance producer, who would like to sell life insurance, but hesitates to discuss such personal matters with his clients for fear that it may have some effect on his general business. Mr. Bataille has found that men will talk over life insurance for business purposes, however, who will not discuss it for their personal use and, of course, a real estate mortgage is a business proposition in which the lender, much as he may dislike foreclosing, cannot afford to permit more than a reasonable time for the property owner to make good his agreement.

Mr. Bataille has had the satisfaction of seeing widows freed from the burden of a mortgage on the home by the precise amount of cash to pay it off afforded by the coverage.

According to Mr. Bataille, contractors and real estate men are excellent sources of prospects for mortgage insurance. They know who is building or planning to build a home. They help do the financing on such construction so

they know the details of the mortgages.

He has found it an odd, but happy fact for the insurance men that most real estate men, though they also handle mortgages and insurance, have not combined the two ideas and placed much mortgage redemption life insurance. Mr. Bataille has found in the Chicago area that, though most of the realtors are also licensed insurance brokers and could sell the mortgage insurance themselves, many of them he approaches prefer to spend time with him soliciting such business. When the real estate market is very active, few realtors have time to solicit life insurance but they can easily be shown the importance of having the borrowers protect their families against the loss of the home.

Mr. Bataille feels that brokers are in a superior position to do such a business for they have an intimate knowledge of their client's affairs. Any broker can sit down and prepare a large list of clients having uninsured mortgages with the amount and term of the mortgage. However, he has found that cold canvass for this business works well. In the pre-approach he tries to secure the man's age, amount of mortgage, interest rate and term of mortgage. If the man is reluctant to give him these details, he passes on to another call, for there are so many of these prospects today that it is not worthwhile to waste time arguing. He tries to find out something about the man before the first call, as clients are usually more easily interested when the producer knows something about them.

In his sales interview, Mr. Bataille explains that the mortgage redemption policy is tailor-made to fit the mortgage and that it is the most economical plan in existence for covering a mortgage as there is no waste insurance. It starts out in the amount of the mort-

gage and reduces as payments are made, so that it constantly keeps step. This is made possible by the fact that it is reducing term insurance.

Mr. Bataille points out that life insurance protection may be purchased at any point in the term of the mortgage, so that every mortgage represents a potential insurance sale. However, the most effective argument or appeal can be used at the start of the mortgage and is most readily done in cooperation with real estate men.

Mr. Bataille has found that at the time of making the mortgage, when the man is thinking about interest rates, he can be most readily attracted to obtaining an insured mortgage merely by adding one or 1½% to the interest on the mortgage. If he is getting a 4½% mortgage, he figures that the insured mortgage will be only 6% and that this is not so bad.

Mr. Bataille notes that perhaps the outstanding feature of the sale of mortgage redemption life is the additional coverage that can be sold through this "in." It has led him to writing personal life insurance and even business life insurance. The general insurance man can inquire if residence burglary insurance, liability and other coverages are carried.

Motor Carrier Insurance Costs Are Analyzed

WASHINGTON — "Approximately 6 cents out of every dollar of motor carrier gross revenue is spent in insurance premiums and claims," says American Trucking, 1949 Trends, issued by American Trucking Associations, Inc. "For all for-hire carriers subject to the jurisdiction of the interstate commerce commission, whose annual revenues exceed \$2½ billion, this amounts to a cost of about \$150 million a year."

Of the insurance expense dollar, B.I. and P.D. take 33.1 cents; cargo loss and damage, 22.3; workmen's compensation, 13.2; cargo, 16 cents; fire and theft, 5.7

cents; other insurance, 4.2 cents; to which are added 5.5 cents for insurance and safety salaries and expenses.

Class 1 common carriers of general freight reported freight claims ratios of .96% of revenue in 1947, in the case of cargo insurance, and 1.35% in the case of cargo loss and damage. Figures for the first of these items have been going up since 1941. On the other hand, the second figure represents a decline, by comparison with previous years beginning in 1943.

Freight claims ratios for all class 1 motor carriers of property are given as follows for 1946: cargo insurance, .8% of revenue; cargo loss and damage .99% of revenue.

Celebrates 50th Anniversary

The A. Lieberthal & Son agency at Ironwood, Mich., celebrated its 50th anniversary recently. The agency has been run by Lewis J. Lieberthal since his father died in 1932.

The late Mr. Lieberthal was appointed agent for London Assurance in 1899. In honor of the occasion, Russell P. Heindel, Michigan state agent of London Assurance, arranged a dinner party at which Kenneth J. Cidwell, general agent at New York, was present. A wrist watch was presented Mr. Lieberthal. He is a past president of both the Ironwood and the Gogebic County Assns., and a past vice-president of the Upper Peninsula Assn. of Insurance Agents.

Conn. Sets Safety Record

Robert I. Catlin, vice-president of Aetna Casualty and chairman of the state highway safety commission, reported that Connecticut has set a new record for highway safety in the first six months of 1949. There were 83 traffic fatalities in the half-year, as compared with 106 last year. This year's record so far is best for any year in the past quarter century. Traffic accidents are off 20% for the year, personal injuries off 24%.



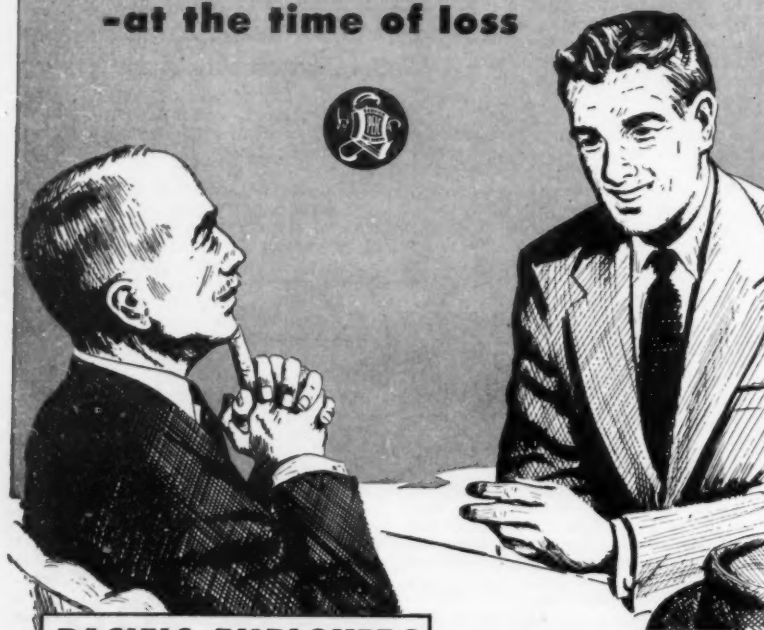
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Insurer May Have Action Against Navy in DC-3 Crash

The Eastern Air Lines DC-3 which crashed near Fort Dix, N. J., killing the crew of three and 12 passengers, after colliding with a navy Hellcat, was insured in Associated Aviation Underwriters. Four of the passengers, according to a preliminary check, carried 25-cent, vending machine policies, which are issued in units of \$5,000.

The navy immediately named a board to investigate the charge that the Hellcat pilot was buzzing a Piper cub plane a few seconds before the collision. It is considered likely that the insurer would subrogate against the navy for any payments it makes.

Orders Garage Policy Reformed to Cover Personal Liability of Proprietor

The Wisconsin supreme court has ordered the reformation of a garage liability policy that was issued by Cheese Makers Casualty so as to cover the personally owned car of the proprietor of the assured garage that was being used in his personal capacity at the time of the accident, the case being *Pouwels et al, vs. Cheese Makers Mutual Casualty*. Ginsberg, interpleaded defendant. The court said it was clear that it was the intention of Ginsberg to obtain, and the agent to furnish a policy that would in effect, provide coverage on Ginsberg's car which would be as broad as that of the ordinary policy issued on an individual car, and also provide the usual coverage afforded by a garage liability policy on the company's cars. By the terms of the contract, the policy was exclusively an automobile garage liability contract.

Ginsberg ordered from one Fersley, an insurance solicitor, coverage that would cover his personally owned car as well as provide garage liability insurance. On the question of whether Fersley was the agent of Cheese Makers, the court remarked that he brokered his casualty and general insurance through the J. P. Mayhugh Agency, but had a direct life insurance contract. He advertised and held himself out to the public as an agent. He received the oral application for insurance from Ginsberg and transmitted it to J. P. Mayhugh, who is a general agent of Cheese Makers. The policy was delivered to Al Ginsberg by Fersley. The latter collected the premium, retained his commission and remitted the balance to Mayhugh. The evidence, according to the court, is clear that Fersley was the agent of Cheese Makers in its transaction with Ginsberg.

The testimony of Fersley and Ginsberg shows it was the intention of Ginsberg to obtain and the agent to furnish a policy that would in effect, provide coverage on Ginsberg's car that would be as broad as that of the ordinary policy issued on an individual car. When Ginsberg first made his request for a combination policy, Fersley had misgivings as to his ability to deliver such a contract. However, after making inquiry of Mayhugh he told Ginsberg that the risks could be combined and when he delivered the policy he told Ginsberg that he was protected.

Mayhugh's testimony does not corroborate in full that of Fersley. Mayhugh testified that Fersley merely asked for the issuance of a garage liability policy. However, he testified that he applied to two stock companies for the insurance that Fersley requested and that both applications were recalled and that Cheese Makers was the only insurer that would issue such a contract. It was testified that Mayhugh could write and issue a garage liability policy upon receipt of a rate. The policy, however, had to be sent to Madison and part of the policy was signed by a Madison representative at the home office.

No Notice, No Cooperation, but Insurer Must Pay

The Kentucky court of appeals has held Travelers liable in an action to recover for a judgment secured against an assured of Travelers, despite the fact that the assured had not given notice to the company and had not cooperated in the defense, not even to the extent of appearing at the trial. The case was *Travelers vs. Boyd*. A truck owned by Desmond Williams, the assured, and driven by Andrew Stewart, collided with a car owned by R. C. Boyd on a highway between Lexington and Richmond, Ky. Boyd got a judgment for \$300 against Williams and Stewart, but was unable to recover from them.

Neither Williams nor Stewart defended the original action and neither of them appeared and testified. Travelers, however, filed an answer. The court said that Travelers waived the policy provisions requiring written notice of the accident and cooperation in the defense. Travelers, the court said, could have relied on the policy and disregard the original suit for damages filed by Boyd against the insured, of which it had no official notice, and thereby escaped liability. Instead it chose to defend the suit and succeeded in reducing the amount of damage from \$490 to \$300.

Reservation of Rights

Travelers said it defended the original suit with full reservation of its rights under the policy. However, a transcript of the record shows no such reservation. It simply shows the petition filed by Boyd and the separate answers filed by Williams and Stewart, both answers being filed by lawyers now representing Travelers. It is true that in the answer filed by Travelers in the second suit, it is stated that it notified Williams and Stewart that it would defend the action under full reservation of its rights. This, the court said, could only mean full reservation of its rights between the insurer and the insured. Such reservations would have no binding effect as to a third party. By defending the original suit Travelers waived the protective terms of the policy and is now estopped to defend the present suit on the ground of lack of notice or failure to cooperate on the original suit.

Big Half Year Gain

Premium income for the first six months of this year of Sterling of Chicago exceeded \$2 million as compared with \$1½ million for the same period last year. President Louis A. Breskin reports. For the first time the agency premiums exceeded the mail order premiums for a six month period. Surplus increased \$173,000 to \$3,239,468, assets are \$6,361,570, an increase of \$423,535 since Dec. 31. A dividend of 10 cents a share was declared.

Names Abram at Phila.

Fireman's Fund Indemnity has appointed John T. Abram special representative to assist Philadelphia Manager George Eichner in developing the eastern Pennsylvania territory, with headquarters at Philadelphia.

Ralph W. Murphy has been named manager of the A. & H. department of D. A. Fisher, Memphis.

Mildred Read Dennis, secretary-treasurer of the Sussex county board of realtors, has opened a new general insurance and real estate agency at Cranberry Lake, N. J.

This evidence, according to the court, strongly indicates that something more than a mere garage liability policy was involved.

There is no evidence or proof of any notice to Al Ginsberg of any limitation of the authority of Fersley.

Group Men Follow Intently Steel Wage Investigation

Decision as to Insurance Ingredients May Set Important Pattern

NEW YORK — Hearings before the Presidential fact-finding board to study the arguments of United Steelworkers of America for a 30 cents an hour wage increase entered their second week here as the union summed up its arguments. U. S. Steel will present its side of the story next week.

The union is seeking a 30 cents an hour wage package consisting of 12½ cents an hour wage increase, 11.23 cents for pensions, and 6.27 cents for welfare plans to include group life equivalent to one year's wages, a death benefit of \$1,250 from a policy paid up at retirement, hospitalization and surgical coverage up to \$200, and sickness and disability coverage of \$31.50 a week for 26 weeks. The average hourly wage of steelworkers is now about \$1.65.

May Set Pattern

The negotiations are important to group life insurers, several of which write various coverages for U. S. Steel or its subsidiaries. The findings of the board, as well as the result of the United Auto Workers union bargaining with Ford, are expected to set a pattern

for collective bargaining over insurance and other welfare benefits for some time to come. Numerous other unions throughout the country are waiting for the results of the steel talks before pressing for social welfare benefits. The board is not expected to submit its findings to the President for another month, after which it is hoped an agreement will be reached. The union has threatened to strike Sept. 15.

After an earlier union witness testified that U. S. Steel was well able financially to satisfy the union demands, Murray W. Latimer, Washington welfare plan consultant, submitted and described a long series of charts outlining the need of union members for the various coverages.

He said that the \$65-\$71 average weekly wage left no margin for the steel worker to meet the costs of sickness or disability. He said that contrary to popular belief employees pay 86% of the cost of insurance benefits at U. S. Steel and all of the insurance costs at Bethlehem. A survey showed that among widows of steel workers in four large companies in the last two years, despite a diligent search, it was possible to locate only 406 widows. This he cited as evidence of disintegration of family units because of the lack of pensions. The average insurance among employees of U. S. Steel was \$3,988, Republic \$3,723, Jones & Laughlin \$2,758, and Bethlehem \$1,784. He then said that a 37-year-old widow with a child of 10 would require \$6,815 to give her \$50 a month to age 65 and \$20 monthly thereafter.

Throughout a full day's testimony the union presented some 65 exhibits with many more to come. Even with social security, he said, widows were forced to move in with relatives, accept charity, cash in existing life insurance policies, use up all savings, and exist on the most meagre scale.

Later he described existing hospitali-

zation, medical, surgical and other plans and emphasized their inadequacy. Each figure was related to its portion of the 30 cents an hour package, two-thirds of which the union wants put into social insurance and pension benefits.

A number of group life executives were present, as was Philip Murray, president of the CIO and of the steelworkers union. The audience got a big laugh when one of the charts said United Steelworkers of America, Inc. The "Inc." would hardly do for a union organization. The mistake was quickly erased as everyone chuckled.

U.S.F.&G. Expands Its N. Y. Setup

Under the new setup of U.S.F.&G. at New York with an executive department there in charge of Vice-president W. A. Edgar, there will be four offices. The downtown office hereafter will confine its attention to lower Manhattan, Queens and Staten Island. The Brooklyn and suburban operation will remain the same and a new office is being established in the Chrysler building for uptown business.

E. G. Hundley, former general superintendent of claims, becomes downtown manager and Arthur E. Colberg, formerly supervisor in the agency development department, is assistant manager there.

Bartell to Manage Uptown

Uptown manager is Norman Bartell, formerly supervisor in the agency and development department, and Herman Klein, who has been a casualty underwriter, becomes assistant manager there.

A. J. Rowland remains as manager at Brooklyn and Russell L. Smalley, as suburban manager.

Mark T. Adams, former supervisor in the agency and development department,

becomes assistant manager at Brooklyn, and Thomas W. Grone, formerly an underwriter, is assistant suburban manager.

Return Golf Match Slated

Surety Underwriters Assn. of Chicago will be hosts to the Milwaukee association Aug. 30 for a golf outing at Sportsman's golf club near Northbrook, Ill. This will be a return engagement, the Chicagoans having visited Milwaukee on July 8 for a similar affair.

Arrangements are in charge of Jack Thorne, National Surety; Ronald Fuerman, F. & D., and Jack Phelan, Maryland Casualty. There will be a dinner to conclude the festivities at which the prizes will be awarded.

Rubrecht Leads Ohio Group

Homer L. Rubrecht, state agent for St. Paul Fire and Marine, Columbus, has been elected president of Ohio Fire Underwriters Assn. Others elected are Charles D. Lamb, Automobile Insurance, vice-president; Roger S. Olsen, Continental Insurance, secretary-treasurer; Helen Earl, re-elected assistant secretary.

Big Polio Cover Demand

The New York office of Continental Casualty has been swamped with applications for polio policies as a result of newspaper publicity on the mild polio epidemic there. The office is an estimated 3,000 applications behind, and it has about 5,000 policies already in effect, many of them of recent date. Brokers have experienced a big demand for the protection.

Kenneth Marshall has been named assistant manager of the life and casualty department of the Fine agency at Toledo.



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Ask Rehearing in Subrogation Case

Plaintiffs' attorneys have asked for a rehearing in the Ohio supreme court on the case of Margery B. Soltz and Home vs. Colony Recreation Center. This is the subrogation in which Mrs. Soltz, the owner of the building, and Home are seeking recovery of \$198,518 from the partnership that operated the bowling alley in Toledo, which burned in 1944. They charge that the bowling alley operators' negligence caused the fire. The appeals court held for plaintiffs but was reversed by the supreme court.

In filing for the rehearing, attorneys for Mrs. Soltz and Home state that the supreme court based its judgment and decision on the idea that the doctrine of res ipsa loquitur did not apply, "upon entirely new principles applied to the doctrine... which principles have never before been announced or recognized by the supreme court, or any other court of Ohio, or the courts of any other state... nor by any text book writers on the subject."

Two New Principles

The application charges that two principles have been injected into the doctrine of res ipsa loquitur, that it would be necessary to establish (1) circumstances in the case such as to indicate a high degree or great amount of care must be exercised by the defendant before application of the doctrine, and (2) circumstances must be such that there is a dangerous threat of serious injury or death. These two elements have never been a prerequisite to the application of the doctrine, the application states. They were not the law of Ohio before the decision, were not argued or claimed in the trial court by counsel for defendants, nor in the argument before the court of appeals, nor were they questions presented by any member of the state supreme court at the time the case was argued before that tribunal.

Plaintiffs' attorneys also argue that the testimony in the trial of the case clearly establishes the fact that a high degree of care was necessary in handling the highly flammable and explosive liquid that was used in the pin refinishing process, and that its use was a threat to bodily injury or death. The fire started in the pin finishing room.

Walt Addresses Council

LINCOLN, NEB.—Herbert R. Walt, president of Lincoln Assn. of Insurance Agents, by invitation discussed out of town fire protection with the city council. He made no recommendation, merely stating facts.

For some time the city council has considered the feasibility of producing revenue for out of town fire runs through an arrangement with insurance companies. Mr. Walt said that individuals may now have a rider attached to policies providing for reimbursement to the city department should it respond to fires. Cobe Venner, public safety director, commented that there had been no such reimbursements.

It was agreed that, because of the fear of liability under a contractual relationship, the city would do better to answer out of town calls when possible on a voluntary basis.

Booklet on Church Cover

The public relations committee of Eastern Underwriters Assn. has issued a booklet entitled "Notes on Church Insurance for Clergy and Lay Trustees," for distribution by member companies. Written in non-technical style, it contains items of general insurance interest dealing with valuations, coinsurance, special coverages and includes suggestions for fire and accident prevention.

Big Subrogation Decision Reversed

The U. S. fourth circuit court of appeals has granted a new trial in an important subrogation action which reverses a jury verdict that was in favor of the defendant. The case is Cornelius Gilbert d/b/a Gilbert Storage & Transfer Co. vs. Gulf Oil Corp.

Gilbert and about 300 customers suffered \$365,530 damages in an explosion. The customers had stored goods in the warehouse and most of them had insurance with 10% off premises coverage, so that about 100 insurers are interested.

The fire and explosion occurred while a delivery of gasoline was being made by an employee of the Lynchburg distributor for Gulf Oil. The employee had connected a hose from the back of the truck and put it into the fill pipe inside the driveway of the warehouse. While the gasoline was flowing, the employee left the truck and went into an office to obtain his receipt. It was at this time that the explosion occurred that was followed by a fire. The entire building collapsed.

Gulf Oil contended that if there was any liability, it was that of the distributor for whom Gulf Oil was not responsible. However, in the trial the judge held that the employee of the distributor under the facts of this case was in effect, the employee of Gulf Oil. The distributor here was entirely under the control of Gulf Oil.

The case was tried at Lynchburg and the jury found in favor of Gulf Oil.

The circuit court of appeals expressed the opinion that errors in admitting testimony of fire officials as to the cause of the explosion was extremely prejudicial to the plaintiff's case and warranted a reversal.

The Louisville branch of Ohio Casualty has been moved to the Starks Building, which brings together the underwriting and claim activities. Headquarters of the affiliated Ohio Ins. Co. is also at the new location.

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Traffic Deaths Only 100 Fewer in First Half Year

The traffic death toll for the first half of 1949 was only 100 under the total for the comparable period last year, National Safety Council reports.

Traffic accidents claimed 13,810 lives in the first six months of 1949. This is less than 1% fewer than the six months' toll last year of 13,910. However, the mileage death rate is the best ever recorded. At the end of five months this year motor vehicle travel was 6% above last year for a five-month rate of 7 deaths per 100 million miles of travel. The previous low rate was 7.2 for the first five months of 1948.

"The mileage death rate sounds good, but we must still count the dead," Mr. Dearborn said. "And that count mounts to shameful proportions when the equivalent of the population of Miami Beach, Fla., is wiped out every year for the privilege of walking and driving on our streets and highways."

N. J. Rejects Escott Plan

Acting Commissioner Gough of New Jersey has disapproved the Escott plan filing for multiple location risks, made by Fire Insurance Rating Organization of New Jersey. Basis for rejection, Mr. Gough said, was failure to accompany the filing with a statement of reasons for altering existing filings, as required by statute. Proof in the form of statistical data must also support a requested change in rate, he stated. Mr. Gough voted against the plan at the Seattle convention of N.A.I.C.

Surgical-Medical Insurer Is Launched in Kentucky

LOUISVILLE — Kentucky Physicians Mutual, the first surgical-medical insurance organization in the state, has been set up by Kentucky Medical Assn. and has started operations. Five hundred policies were sold here to comply with statutory requirements. The insurance is now available in groups of five or more in 13 counties where more than half of the physicians have joined in the plan.

Original application was as Kentucky Physicians Service Plan, but reorganization was necessary, because the director of insurance held that under the original plan only the service contract type of insurance could have been written. This is an inclusive policy that will pay all costs.

Changes were necessary because the medical association had specified that the cash indemnity form of insurance be offered. This allows for fixed payments for certain medical services.

The premium is \$1 a month for a single person and \$2 for a family for the surgical benefits. All forms of surgery are covered.

Some fees already listed are appendectomy and Caesarian section \$100; gastrectomy or hysterectomy \$150; pregnancy and childbirth, \$50; tonsillectomy \$25; for anesthesia \$15 is allowed; in emergency accidents cost of X-ray up to \$15 will be allowed.

Additional protection against part of the cost of medical service is provided in a rider, costing 25 cents a month for a single person, and 50 cents for families. Hospitalized medical patients will receive \$3 a day for payment of doctor bills, with payments to start the third day in the hospital and continuing not longer than one month.

Blue Cross is selling the K.P.M. policies, receiving operation costs for the service, and will enroll subscribers, collect premiums and process claims. KPM will pay the claims.

K.P.M. officers are Dr. O. O. Miller, president; Dr. B. B. Baughman, vice-

president; Dr. Bruce Underwood, secretary; Dr. J. B. Jenkins, treasurer; and Raymond F. Dixon, assistant secretary.

Ohio Farmers Adds to Minn. and Ill. Field Staff

The appointment of special agents in Minnesota and Illinois for Ohio Farmers and Ohio Farmers Indemnity is announced. John J. Moore will assist State Agent Thomas J. Burke from headquarters at Minneapolis. He has been a member of the home office casualty and automobile departments since 1940.

Max B. Elder takes the post of special agent in Illinois, assisting State Agent L. G. Hines with headquarters at Peoria. Mr. Elder has for the past three years been associated with the home office casualty and automobile departments.

New Reliance Mutual Policy

Reliance Mutual Life of Illinois has taken its first step into the A. & H. business with a monthly disability income policy containing neither accidental nor direct means clauses. This policy is issued in preferred and special categories. Occupations rated as 1 in the Life Insurance Occupational Rating Manual are preferred while 1½ and 2 rating are in the special classification. Premiums may be paid monthly, quarterly or annually.

The annual premium rate per \$10 monthly income on the preferred risks between 18 and 39 is \$4 and the premium for the same age for a special risk is \$6.86. In the 40 to 49 category these premiums would be \$4.83 and \$7.68. Between ages 50 and 54, the preferred risk pays \$6.02 and the special risk pays \$8.62. The company expects to launch further A. & H. policies shortly.

Lyttle Heads Western Unit

Moody S. Lyttle, Security Life & Accident, has been named superintendent of agencies, western division, with headquarters at Oakland, Cal. He joined the company in 1942 as general agent in Oakland.

Mr. Lyttle is past secretary-treasurer of the Oakland East Bay Life Underwriters Assn., and present vice-president of Oakland East Bay Managers, as well as chairman of the publicity committee. He is also vice-president of the San Francisco A. & H. Assn.

Plan Educational Session

Minnesota Fire Underwriters Assn. will meet Sept. 19 at Minneapolis. Adjusters and members of the Northwest Bureau Field Club will be invited to a dinner and educational program which will follow the regular business meeting.

Tex. Cotton Rate Hearing Aug. 18

The Texas board commissioners will conduct a cotton rate hearing at Austin, Aug. 18, to consider revision of fire rates, rules, and standards for cotton compresses, cotton warehouses, and open cotton yards not on gin premises.

John T. Even, assistant western manager of Fireman's Fund, and Mrs. Even have returned from an Hawaiian vacation. They made the trip by air.

Thomas T. Dore, statistician for American Surety celebrated his 35th anniversary with the organization at a luncheon in the companies' dining room.

Boyd Everett, vice-president and treasurer of Continental Casualty, was a visitor to Pacific Coast offices of the company in July.

The Elgin Assn. of Insurance Women has been organized in the Illinois town with 18 charter members. The association will hold a dinner meeting on the fourth Tuesday of each month. Officers are Glendene Kirkpatrick, president; Mildred M. Price, vice-president; Phyllis Rasmussen, secretary, and Nina Clifford, treasurer.

Southland Buys Reserve Loan Life of Dallas

All capital stock of Reserve Loan Life has been purchased by Southland Life, according to President B. H. Majors of Reserve Loan. The latter company has in force more than \$150 million of insurance and has assets of more than \$22 million. Mr. Majors, who is well known in Texas for his civic activity, has been elected a director of Southland and will devote the balance of his time to the real estate and investment business.

Have Large A. & H. Volume

President W. C. McCord of Southland Life stated that the physical combination of the two companies would be effected at a later date and that the home office will remain in Dallas. When the combination is finally effected, it will be known as the Southland Life and will then have approximately \$450 million insurance in force and over \$90 million in assets. In addition to life insurance, both companies write and have in force a large volume of A. & H. and hospitalization insurance and will con-

tinue in this field, as well as life. Reserve Loan Life was organized in 1897 and Southland Life in 1908.

Downs with Leiding Agency

CINCINNATI—Stacey Downs has joined the J. H. Leiding agency as first vice-president and will assist in management and sales promotion. He has a broad experience in the business and was previously with John J. Schiff & Co. He entered the business in 1945 after serving with the navy in the Pacific.

The Leiding agency was established in 1897. G. B. Wison, president, has actively directed its affairs since he joined it in 1927.

Magazine Treats Arson Fight

"This Week" magazine carried a feature story on A. Bruce Bielaski, assistant general manager of the National Board, and the work which is done by the board to fight arsonists. Included was a description of the arson school at Purdue University.

The McConnell agency of Pueblo, with branch offices at Alamosa and Rocky Ford, has been sold to the Martin Moore agency of Pueblo.

CASUALTY · FIDELITY · SURETY



"I'LL BE Suing YOU!"

That's no joke, Son, even though the radio comic says it for a laugh. People sue other people for the darndest things.

That's why Manufacturers Comprehensive Personal Liability Policies sell like the proverbial hot-cakes... and why you who sell them can count on regular commissions.

Write, telephone, or visit our office nearest you for details.

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WRITE
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IT PAYS!

Court Test May Be in Offing in Pa.

(CONTINUED FROM PAGE 1)

this was "because we changed the formula" for the contingent payments.

Mr. Kaplan asked if the drop in contingent commissions was not related to a higher loss ratio. "I cannot say that it is," Mr. Smith replied.

At one point in the hearing Mr. Malone told Mr. Kaplan and Mr. Smith to "quit the quibbling" on statistics and their application to profit and loss.

47 Contract Agents

In the three excepted areas affected by the deviation, Mr. Smith said the company had 47 contract agents and 508 graded commission agents as of July 5.

Mr. Harris testified that Pennsylvania fire business of North America during 1948 totaled \$5,217,377 in written premiums, with losses of \$2,787,241, or 53.42%, which he compared with 38.21% in 1947. He said earned premiums totaled \$4,961,268, and that a loss of \$90,520, or 1.82% of earned premiums was experienced.

Over a five year period, Mr. Harris said, North America reported a total loss of \$21,301 or .12% of earned premiums in Pennsylvania. All figures were before federal taxes.

On a firewise national basis, he testified, the company lost \$1,139,789 last year.

Mr. Hull protested that Mr. Harris did not present "a true underwriting picture," but was overruled by Mr. Malone.

"You are not giving any consideration to any equities which may exist," Mr. Hull told Mr. Harris and this set off an argument on the best formula for computing underwriting profit and loss. "I included nothing but earned premiums and incurred losses," Mr. Harris said, adding he arrived at his figures on a "statutory basis."

Hearing Goes Over

A delay vehemently protested by Mr. Kaplan resulted in the hearing being continued into this week.

Mr. Hull requested the extension so he could look into new figures brought into the picture by Mr. Harris.

The committee seeks to show through these newest ratio figures that the protesting companies have experienced a more favorable underwriting experience in Pennsylvania than North America.

At one point Mr. Hull protested the alleged failure of the committee to produce agents commission rates of its member companies as requested in a subpoena.

"The rates or commission is the very nub of this case because it is the basis on which our deviation is predicated," Mr. Hull said.

During the discussion on commissions, Mr. Kaplan said to Mr. Malone: "I don't know that you have any jurisdiction over commissions." Mr. Kaplan contended that the committee provided North America with the amount of written premiums and the total of commissions paid for each company, from which he said the average commission rate could be computed. A further breakdown by various types of agents' contracts would "unduly delay" the hearing, Mr. Kaplan declared.

Rates and Commissions

In an off-the-record session an official of one of the protesting companies declared that "if the rates in this state are going to be based on commissions paid then I think we ought to get onto a different track."

The hearing was resumed without reaching a definite agreement on the commission statistics asked by North America, although the company pointed out it had provided the hearing with similar figures for its own operation. Mr. Kaplan pointed out it was North America who had deviated from tariff rates, not the protesting underwriters.

Consolidation Plea Denied

A move by Mr. Kaplan to obtain consolidation of the 11 other deviation requests with the North America proceedings was turned down by Mr. Malone.

Earlier in the hearing Mr. Harris read into the record what he said was a comparison of expenses, with the exception of loss experience, of 110 of the protesting companies with North America underwriting expenses in Pennsylvania, covering a five year period:

Year	110 companies	N. America
1944	47.53	48.59
1945	45.89	49.40
1946	44.18	46.68
1947	43.24	43.09
1948	43.32	43.01
Average	44.48	45.39

In reply to questions by Mr. Kaplan, Mr. Harris said the 110-company loss experience in 1948 was 35.22 compared to 53.42 for ICNA, and for the five-year period under study the companies ratio was 39.75 compared with a North America ratio of 43.14, the figures being on a paid to written basis.

The company-wide fire experience of the North America group for the five

years shows a loss of \$10,318,136, Mr. Harris said.

Mr. Hull challenged the entire set of statistics, and told the commissioner "an adjournment will be necessary to analyze these figures. . . . We must put in evidence to meet what was said. We can't let these figures go unchallenged."

Excepted City History

Mr. Herd submitted a review of the development of excepted cities to Commissioner Malone.

"These are cities where local insurance companies were domiciled and started in business 100 years ago," he recalled.

"They did an over-the-counter business and other companies could not compete except by bringing in special agents" at additional cost.

"Fire patrols and salvage corps were set up in an effort to bring down losses."

"The natural result was the lowering of rates until today you will find rates are lower in these cities than elsewhere, even in towns of similar size."

"In order to meet competition the so-called foreign companies found it necessary to especially equip their agents" to overcome the advantages of the local company or companies.

"The economic freight has gathered so that it just can't be shed lightly," Mr. Herd said local boards, shared in by companies, early set up rules to govern the fire business, and that commission rates were high because of lower premium rates.

But even under the higher rates of commission "it does not pay" the agent to go out after some classes of risks in excepted territory, Mr. Herd declared.

Lengthy Hearing This Week

Branding the North America deviation as "unfairly discriminatory," Mr. Kaplan at the resumed hearing this week asked Mr. Malone to reverse his earlier decision and abolish the deviation.

Mr. Kaplan's final plea closed a lengthy hearing at 12:30 a.m. Tuesday which had been in session since one o'clock Monday afternoon. He again asked for a stay in proceedings as the hearing closed. He was again refused. Both sides will file briefs after which there may be oral argument.

Mr. Kaplan asked Mr. Malone to draft regulations to outlaw deviations by districts or classes.

"If there is a deviation it should cover the whole Commonwealth and classes," he declared, adding that the situation "cries for correction" and "if regulations do not do something to keep this together then you have no rating law in Pennsylvania."

On the question of commissions Mr.

Malone said both the state and national associations of insurance agents had complained about the commission rate "but I have no control over commissions."

Mr. Kaplan contended that the hearing did not bring out the experiences of other companies in sufficient detail to warrant a deviation. He declared "since 1944 North America fire underwriting has not earned a single dollar in Pennsylvania or in the entire nation."

Unfair Competitive Request

Mr. Kaplan termed North America's quantity clause in certain agents contracts as "unfair competitive request," because "it is not a guarantee for business, but for certain classes of business in the lines deviated."

"This is not competition. You are preventing competition by saying a competitor can't sell at the same price."

"A competitive picture of cost experience for a five-year period is necessary for a decision on rates and you don't have that," Mr. Kaplan said.

"You have no power, no right, to grant a deviation on a county basis. The companies have experience figures on a state-wide basis," the attorney said.

"When can I consider a deviation," Malone asked.

"If you find that experience of an individual line is developed through specialization and careful selection of risks, but not from a member of the rating bureau who has a little better experience than average in certain territory," Mr. Kaplan replied.

Bradford Smith testified that during the 1944-47 period the protesting companies paid commissions averaging 2.44% higher than his companies, and in 1948 this "widened even further to 3.95%," while up to April 30 this year the commissions of the protesting group were 9.05% higher.

Based on Commission Cost

"Our deviation is based upon commission cost," he added.

Paid losses to premiums written on fire business in Pennsylvania during the five years ending with 1948 averaged 43.02 for North America and 39.75 for the protesting companies, it was brought out.

During 1948 paid expenses in relation to direct premiums were 41.59 for North America and 45.51 for the committee companies, Mr. Smith said. For the five-year period ending with 1948 he said North America experienced a loss ratio of 42.3 in Pennsylvania, while the ratio for the protesting companies was 42.8.

Mr. Kaplan objected to the methods of computation used, but was overruled by Mr. Malone. North America attorneys said they would try to show that the statutory formula is not used except for solvency or income tax payment purposes.

Mr. Smith testified that of the \$67,190,408 in fire premiums paid stock companies in this state during 1948, 43% came from excepted territories.

Mr. Hull said the application of unearned premiums to profits "has been used and used frequently by the very accountants who were here condemning its use" and introduced annual reports of companies, over the protest of Mr. Kaplan, showing use of unearned premium reserve equity.

Premium Reserve Accounting

Mr. Kaplan questioned Mr. Smith on the unearned premium reserve accounting.

Mr. Kaplan: "Would you take unearned premium reserve into consideration for rate making purposes?"

Mr. Smith: "I would take the cost of putting the business on the books into consideration."

Mr. Kaplan: "What are you talking about—cost of putting business on the books?"

Mr. Smith: "There are certain costs of putting business on the books that later becomes earned."

After reading more figures into the record, most of which had been presented earlier, Mr. Kaplan was asked by Mr. Malone: "Isn't it a fact that on a



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WORKMEN'S COMPENSATION • AUTOMOBILE

FIDELITY and SURETY BONDS • FIRE

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statutory basis most annual reports are distorted?"

"I wouldn't go that far," Mr. Kaplan replied.

Mr. Malone then asked Mr. Kaplan if the entire subject of using premium reserve equity "doesn't revolve around taxes," to which the attorney replied there are no records to show that.

Mr. Hull asked Mr. Smith if the statutory formula is the basis of rate making in Pennsylvania. "It is not," he replied. He said the last rate change was made by Middle Department Rating Bureau in 1947 to an average 7.2% increase in fire premiums "and experience figures obviously have not yet reflected that increase."

Transcribing of the voluminous testimony and preparation of briefs by both sides may take a full month, during which time Mr. Malone's state-wide fire premium rate probe will be developing.

Urges Segregation

North America, in a statement, suggested segregation by the National Board in each excepted city, of premiums, losses, and expenses, "so that the cost of excess fees would be apportioned to each locality, and not spread over the industry as a whole as at present."

"Moreover, such segregated results should be filed as a matter of public record in each affected state, or at least the threat of filing utilized. Such a change in procedure might leave a psychological effect upon the industry and assist in forcing the needed changes."

North America said the commission scale in Philadelphia has been 20-25-35%, plus a 7½% contingent; in Philadelphia suburban, a flat 30%, plus 10% contingent; in Allegheny county—20-25-30% plus a 5 to 7½% contingent.

For North America these commissions resulted in an average commission to Philadelphia agents of 25%; Philadelphia suburban, 32.67, and Allegheny county 28.3.

North America stated it devised a commission plan which was designed to offer agents fair, equitable and non-discriminatory commissions gauged by the extent of actual services rendered and the relationship of such services to the total of acquisition cost including commission.

The basic commission for standard agency services was 20% flat or a graded commission of 15-25. An additional commission agreement was also established in order properly to compensate those agents who were willing and able by contract to perform more extensive services than those performed by the standard agent, thus relieving the company of acquisition cost expense.

Get Additional Compensation

Such agents receive an expense allowance of five percentage points, plus a 10% contingent.

North America said "only a very small percentage" of its agents are able and willing to contract for the additional service.

This new policy, the company said, resulted in "a marked reduction in the expense of doing business" in the excepted territories, and the company decided "to resolve the saving in expense in favor of the policyholders through the medium of a deviation . . ."

Burton W. Smith Retires

Burton W. Smith, 74, assistant secretary and chief underwriter of Allied Fire and the John L. Train Co., Utica, N. Y., has resigned after 26 years of service. He was feted at a party attended by about 80 associates, fellow employees and friends. Arthur Suttles, assistant general manager of Allied, presented Mr. Smith a television set.

Franklin & Childress, adjusters of Jackson, Miss., have acquired the business of the Natchez Claims Service of Natchez and have named Charles F. Haile as resident adjuster in charge.

Gillingham to Zurich Group Post

Frank G. Gillingham joined the Zurich group department as assistant superintendent. He was formerly with Radio Corp. of America as insurance manager of their Victor division, and later served in the same capacity with American Home Products Corp. Just prior to joining Zurich, he was vice-president and director of a chain of hotels as well as vice-president of a pharmaceutical manufacturing corporation.

Mr. Gillingham has served as a director of Risk Research Institute and has also been a member of the Planning Committee of American Management Assn. insurance division.

Reserve of Chicago Puts Polio Cover on Market

Reserve of Chicago has put on the market a one year polio policy which costs \$5 per family and \$2.50 per individual and a special disease policy for a one year term which is priced at \$10 for the family and \$5 for the individual. Both policies pay expenses up to \$5,000 in the aggregate incurred within three years for the diseases covered.

The special diseases covered in the policy with the higher premium are poliomyelitis, diphtheria, scarlet fever, spinal meningitis, smallpox, leukemia, encephalitis, and tetanus.

Boysen Is Promoted

William Boysen, superintendent of casualty at Syracuse for American Surety, has been appointed assistant manager.

Employed in 1930 by the Syracuse branch Mr. Boysen served as a special agent for a number of years. He is past president of Casualty & Surety Club of Syracuse.

Pacific C.P.C.U. Plan Dinner

LOS ANGELES — The executive committee of Pacific Chapter, C.P.C.U., met to further plans for the all industry dinner to be given late in November, with President John A. Diemand of North America as the speaker. The chapter will hold its annual plunge and barbecue at the home of B. Brown Aug. 27, at which time it will welcome the new C.P.C.U.'s to the chapter.

The Seattle agency of Chastek, Wheelock & O'Brien has been sold to Frank D. Masnaghetti & Co.

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DO YOU BELIEVE
*That Bertillon Invented
the Finger Print Identification System?*

*The Chinese originally used
their thumbs as "seals". Sir
William Herschel originally
introduced the practice in
India.*

BUT YOU CAN ALWAYS BE SURE . . .

. . . of this fact; that Hawkeye-Security-Industrial gives its agents the best in all-around business building service at all times.

Here are two great companies that not only provide full Casualty, Industrial and Fire Coverage but give every agent every help in building his business . . . prompt claim service without red tape . . . a maximum number of sales helps and a skilled Field Representative staff which works closely with every agent.

These are only a few of the reasons why "the trend is to Hawkeye-Security-Industrial".

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WOLVERINE INSURANCE COMPANY

Our Agents Are Leaders in Their Communities.

"They Know Their Business."

LANSING, MICHIGAN

Basing Premium on Payroll Doesn't Cause Policy to Cover Employees

The fact that the payroll of the assured was the basis of computing the premium of the policy does not extend the coverage of the contract to include employees of the insured when the definition of insured specifies "any executive officer of the named insured" without including employees, the Georgia court of appeals has held in *Scott et al vs. Royal Indemnity*.

The assured was Yarbrough Motor Co. It was alleged that W. G. Scott was injured when struck by an automobile belonging to Yarbrough and being driven by A. L. Roper, an employee of Yarbrough, on May 2, 1946. Scott secured a \$15,000 verdict against Roper and Scott alleged that Royal Indemnity is obligated to indemnify Yarbrough and Roper, and to satisfy the amount of liability fixed by the judgment.

The court said there is no privity of contract between Scott and Royal Indemnity, neither is there any allegation that the amount of the obligation of Yarbrough has been finally determined. Indeed the plaintiff fails to allege that there has become any obligation or liability on the part of Yarbrough.

The court said that the policy can in no way be construed so as to make it cover Roper. He is not an insured under the terms of the policy although the premiums are based on salaries received by the named insured's employees.

National Surety gave a luncheon at New York City for trade press editors at which Nat Pieper, manager of claims, was introduced. Ellis Carson,

executive vice-president, spoke briefly and praised the work of William Leslie of National Bureau of Casualty Underwriters, Martin Lewis of Surety Assn. of America, and J. Dewey Dorsett of Assn. of Casualty & Surety Cos. About 30 attended.

Pacific Mutual Conferences

Pacific Mutual has scheduled three sales conferences for its field force in 1950. Qualifiers from the eastern agencies will meet at Mackinac Island, Mich., late in August, 1950; those from western agencies at Victoria, B. C., in September. The third conference, to be held at Estes Park, Colo., will be for leaders in Pacific Mutual's railroad accident & health department.

New York Advisory Committee

Miss Mary Donlon, chairman New York Compensation Board, has appointed a disability benefits advisory committee in connection with the law which becomes effective next year. Among the members are Reinhard A. Hohauser, associate actuary Metropolitan Life; and Henry D. Sayer, general manager New York Compensation Insurance Rating Board.

Okla. Committees Named

Dave R. McKown, president, has announced committee appointments for Oklahoma Assn. of Insurance Agents. The chairmen are: A. L. Morley, Tulsa, casualty conference; H. T. Moran, Oklahoma City, fire conference; Ford Bell, Tulsa, fire prevention; Rollin L. Baird, Oklahoma City, public safety; W. A. Wilson, Oklahoma City, legislative; James O. Welchel, Tulsa, educational.

Castle General Manager of New Manila Company

H. E. Castle, superintendent of St. Paul's Pacific department marine operations, has resigned to become general manager of Capital Insurance & Surety of Manila.

Mr. Castle attended Washington State and Washington University and after graduation taught for a time at the University of California agricultural

college at Davis, Calif. He entered insurance at San Francisco in 1924 with Johnson & Higgins in the average adjusting department. He joined St. Paul in 1935 as head of the marine loss department and was advanced in 1938 to the head of the marine underwriting department, which position he has held ever since, except for war service in the navy.

During his service in the Pacific, Mr. Castle had occasion to visit many of the larger centers in the Orient and was greatly impressed with the possibilities for economic development, particularly insurance, in the Philippine Islands, which led to his acceptance of the Capital post. Capital Insurance & Surety writes fire, marine, casualty, automobile and surety business. It is a new company, recently organized, with authorized capital of 2,000,000 pesos. The organizers were Antonio V. Rocha, president, and C. F. Sharp, chairman, both partners in C. F. Sharp & Co., one of the foremost steamship companies in the Far East, with branch offices throughout the Orient. Other directors are leaders in business in the Philippines and elsewhere.

Convention Dates

Aug. 8-10, West Virginia agents, annual, Greenbrier Hotel, White Sulphur Springs.

Aug. 8-10, Federation of Insurance Counsel, annual, Moraine-on-the-Lake Hotel, Highland Park, Ill.

Aug. 22-24, International Federation of Commercial Travelers, Manor Richelleu, Murray Bay, Canada.

Aug. 23-26, Grand Nest of Blue Goose, Olympic Hotel, Seattle.

Aug. 28-30, Washington agents, Olympic Hotel, Seattle.

Sept. 1-3, Oregon agents, annual, Multnomah Hotel, Portland.

Sept. 5-9, American Bar Assn., insurance section, annual, St. Louis.

Sept. 6-8, Iowa agents, annual, Fort Des Moines Hotel, Des Moines.

Sept. 8-9, Missouri agents, annual, Jefferson Hotel, St. Louis.

Sept. 9-10, New Mexico agents, annual, Hilton Hotel, Albuquerque.

Sept. 8-10, Idaho agents, annual, Shore Lodge, McCall.

Sept. 10-14, Western Underwriters Assn., mid-year, Greenbrier, White Sulphur Springs.

Sept. 11-13, Pennsylvania agents, annual, Bedford Springs.

Sept. 11-13, Montana agents, annual, Baxter Hotel, Bozeman.

Sept. 12-13, Utah agents, Hotel Utah, Salt Lake City.

Sept. 12-14, National Assn. of Mutual Insurance Companies, annual, Salt Lake City.

Sept. 14-15, New Hampshire Agents, Wentworth Hotel, New Castle.

Sept. 15-16, New Jersey Agents, annual, Haddon Hall, Atlantic City.

Sept. 18-21, International Claim Assn., annual, Hotel Sagamore, Lake George, N. Y.

Sept. 19-23, National Assn. of Insurance Agents, annual, Stevens Hotel, Chicago.

Sept. 25-28, International Assn. of Casualty & Surety Underwriters and National Assn. of Casualty & Surety Agents, joint annual meetings, Hotel Greenbrier, White Sulphur Springs, W. Va.

Sept. 26-28, Michigan agents, annual, Pantlind Hotel, Grand Rapids.

Sept. 28-30, C.P.C.U., annual, Baker Hotel, Dallas.

Sept. 30-Oct. 1, Nevada agents, annual, Maples Hotel, Reno.

Oct. 4-5, Massachusetts agents, annual, Copley Plaza Hotel, Boston.

Oct. 13-14, South Carolina agents, annual, Francis Marion Hotel, Charleston.

Oct. 17, Rhode Island agents, annual, Sheraton Biltmore Hotel, Providence.

Oct. 19-21, Kansas agents, annual, Jayhawk Hotel, Topeka.

Oct. 10-12, National Assn. of Mutual Insurance Agents, annual, Congress Hotel, Chicago.

Oct. 10-12, Bureau of A. & H. Underwriters, annual, Hotel Moraine, Highland Park, Ill.

Oct. 24-25, Arizona agents, annual, Pioneer Hotel, Tucson.

Oct. 24-25, Nebraska agents, annual, Fontenelle Hotel, Omaha.

Oct. 25-26, Wisconsin agents, annual, Hotel Schroeder, Milwaukee.

Oct. 27-28, Tennessee agents, annual, Hotel Patton, Chattanooga.

Nov. 3-4, Connecticut agents, annual, Hotel Stratfield, Bridgeport.

Nov. 3-4, National Assn. of Independent Insurers, annual, Edgewater Beach Hotel, Chicago.

Nov. 7-9, California agents, Biltmore Hotel, Los Angeles.

Nov. 7-9, Indiana agents, annual, Claypool Hotel, Indianapolis.

Nov. 15-16, Kentucky agents, annual, Brown Hotel, Louisville.

Nov. 16-18, Maryland agents, annual, Lord Baltimore Hotel, Baltimore.

Dec. 6, Arkansas agents, midyear

Dec. 27-28, American Assn. of University Teachers of Insurance, New York, Biltmore hotel.

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Branch Offices—San Francisco—Los Angeles—
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George M. Yamada, Honolulu
Barney Vanston & Co., Dallas



GUARANTEE INSURANCE COMPANY

HOME OFFICE — LOS ANGELES

Allcorn in New Post

Frank W. Allcorn III has become manager of the life insurance department of the Spratlin, Harrington & Co. local agency of Atlanta.

Insurance Equities Are Exhibiting Buoyancy

(CONTINUED FROM PAGE 17)

plus and capital, the investment man feels justified in turning to common stocks to a larger extent.

Another factor that makes common stocks look attractive is that many of them have gone through the post-war "liquidating" period. This holds true of such things as drugs, merchandising (stores) cigarette tobacco, and so on. On the other hand, investment men do not believe that automobiles, automobile accessories, steel, copper and the like have yet completely adjusted to the post-war economy.

The casualty companies are not doing as well on the profit side as fire companies, but their results have improved for the most part and should continue to do so. They follow the economy a little more slowly than do the fire companies.

There appears to be a rise in the amount of term business companies are getting. At least some companies are finding their formulas leave them under reserved on premiums as much as 5 to 8%. It may be that the term business is now coming in fairly strongly after a period in which companies resisted its writing because of reserve difficulties.

WANT ADS

AUTOMOBILE UNDERWRITER

needed in Detroit, Michigan, in Home Office of growing organization. If you have automobile casualty and automobile fire experience are 28-35 and have at least two years college, this is an excellent opportunity. Give full details. Address V-41, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

FOR SALE

Interest in old established general agency to experienced casualty man under 45. Large city in Northern Indiana. Will stand closest investigation. Don't reply unless you can qualify to age, investment and experience. Address V-49, c/o National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

Young man having experience and qualifications necessary to fill position of branch manager for progressive stock casualty company, eastern territory. All replies treated confidentially. Our present staff aware of vacancy. Address V-51, c/o National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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ARROWHEAD

The Home of Herman Melville

 "A FINE old farmhouse, a mile from any other dwelling, and dipped to the eaves in foliage — surrounded by mountains, old woods and Indian pools — this surely is the place to write." That was Herman Melville's description of Arrowhead where he wrote "Moby Dick, or the White Whale," his major claim to immortality.

Melville's own life reads like fiction. After a poverty-stricken childhood he sailed as a cabin boy on a ship bound for Liverpool



Melville made inscriptions on his favorite fireplace

and later cruised the Pacific for many months on a whaler. When the captain's cruelty became intolerable, he jumped ship in the Marquesas and lived among friendly cannibals who made him a god. Then he worked in Tahiti and spent a year aboard a frigate.

The novels of the sea which Melville wrote on his return to this country imme-

diately achieved success, and he was hailed not only as the literary discoverer of the South Seas but as the first author to present a true picture of a whaler's life.

In 1847 he married Elizabeth Shaw and in 1850 bought a farm near Pittsfield, Massachusetts, which he called Arrowhead in memory of his whaling days. Here he happily settled down to writing and enjoying himself as an amateur farmer. The house, built in 1780, is still standing and is at present privately owned.

"Moby Dick," finished in 1851 and dedicated to his close friend Nathaniel Hawthorne, was Melville's swan song. Most of the literary reviews were unfavorable and the sales were poor. He was never again to experience his early popularity and lived to see his greatest work ignored, though the passing of time has brought full recognition to this masterpiece, hailed by modern critics as "a great prose epic that has no equal in American literature."

Thereafter, the course of Melville's fortunes was downward. He lived a life of almost complete obscurity at Arrowhead and later in New York. The irony of the final phase of his career is illustrated by the comment of an English critic who wrote on his return from America that he had vainly

sought for "the one great writer fit to stand shoulder to shoulder with Whitman on that continent." And after Melville's death an editorial in *The New York Times* commented, "There has died in this city during the current week a man who is so lit-



Author of "Moby Dick"

tle known even by name that only one newspaper carried an obituary account, and this was but three or four lines ... Herman Melville, a teller of tales of the South Seas. ... He has died an

absolutely forgotten man." This was the epitaph of Herman Melville, acclaimed by many of today's critics as America's most original author and one of the masters of English prose.

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